

Norfolk County Council

To: All members of the Council. You are hereby summoned to attend a meeting of the Council for the purpose of transacting the business set out in this agenda.

Date: **Monday 17 February 2020**

Time: **10.00 am**

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

Persons attending the meeting are requested to turn off mobile phones.

WEBCASTING

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Prayers

To Call the Roll

AGENDA

1. Minutes

To confirm the minutes of the meetings of the Council held on
20 January and
3 February 2020

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2. To receive any announcements from the Chairman

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. **Norfolk County Council Revenue and Capital Budget 2020-21 to 2023-24** (Page 31)

Briefing for all Councillors from the Executive Director of Finance and Commercial Services setting out the latest financial position for the Council including a revised Council Tax position as notified by District Councils at 31 January 2020. (Page 37)

- **Annexe 1** – Norfolk County Council Revenue Budget 2020-21 and Medium Term Financial Strategy 2020-24 (Page 47)
- **Annexe 2** – Capital Strategy and Programme 2020-21 (Page 275)
- **Annexe 3** – Annual Investment and Treasury Strategy 2020-21 (Page 316)

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Norfolk County Council

Minutes of the Meeting Held at 10am on Monday 20 January 2020

Present:

Cllr Tony Adams	Cllr Keith Kiddie (Vice-Chairman)
Cllr Timothy Adams	Cllr Mark Kiddle-Morris
Cllr Steffan Aquarone	Cllr Brian Long
Cllr David Bills	Cllr Ian Mackie
Cllr Bill Borrett	Cllr Ed Maxfield
Cllr Claire Bowes	Cllr Joe Mooney
Cllr Roy Brame	Cllr Steve Morphew
Cllr Julie Brociek-Coulton	Cllr George Nobbs
Cllr Sarah Butikofer	Cllr Judy Oliver
Cllr Penny Carpenter	Cllr Greg Peck
Cllr Mick Castle	Cllr Graham Plant
Cllr Stuart Clancy	Cllr Andrew Proctor
Cllr Kim Clipsham	Cllr William Richmond
Cllr David Collis	Cllr David Rowntree
Cllr Ed Colman	Cllr Chrissie Rumsby
Cllr Emma Corlett	Cllr Mike Sands
Cllr Margaret Dewsbury	Cllr Eric Seward
Cllr Nigel Dixon	Cllr Carl Smith
Cllr Danny Douglas	Cllr Thomas Smith
Cllr Phillip Duigan	Cllr Mike Smith-Clare
Cllr Fabian Eagle	Cllr Bev Spratt
Cllr Tim East	Cllr Sandra Squire
Cllr John Fisher	Cllr Barry Stone
Cllr Tom FitzPatrick	Cllr Marie Strong
Cllr Colin Foulger	Cllr Haydn Thirtle
Cllr Andy Grant	Cllr Alison Thomas
Cllr Shelagh Gurney	Cllr Vic Thomson
Cllr Ron Hanton	Cllr John Timewell
Cllr David Harrison	Cllr Karen Vincent
Cllr Chenery of Horsbrugh	Cllr Colleen Walker
Cllr Harry Humphrey (Chairman)	Cllr John Ward
Cllr Brian Iles	Cllr Brian Watkins
Cllr Andrew Jamieson	Cllr Tony White
Cllr Terry Jermy	Cllr Fran Whymark
Cllr Brenda Jones	Cllr Martin Wilby
Cllr Chris Jones	Cllr Sheila Young
Cllr Alexandra Kemp	

Present: 73

Youth Parliament Presentation.

Prior to the commencement of the meeting, Council received a presentation from Members of the Norfolk Youth Parliament and had an opportunity to ask questions. The Cabinet Member for Children's Services thanked the representatives on behalf of council for attending.

Apologies for Absence:

Apologies for absence were received from Cllr Stephen Askew; Cllr Ed Connolly; Cllr Stuart Dark; Cllr Graham Middleton; Cllr Rhodri Oliver; Cllr Richard Price; Cllr Dan Roper; Cllr Margaret Stone; Cllr Martin Storey.

1 Minutes

- 1.1 The minutes of the Council meeting held on Monday 25 November 2019 were confirmed as a correct record and signed by the Chairman, subject to the following amendments:

Paragraph 5.6.

Remove the word "not" from the penultimate sentence to read: "She added that nothing had yet been built on the Willows site and there was no certainty that there would be a power station there).

Paragraph 7.15. Remove the words "in her opinion" from the first sentence and replace with the word "stated".

Paragraph 7.20. (Cllr East asked a procedural question about taking questions in group order and moving to the next group if a questioner didn't ask a question as it had been similar to a question already asked and answered. He felt the next opportunity to ask a question should be given to the same Group. The Chairman agreed to take the point on board and consider the suggestion).

The Chairman accepted the suggestion.

2 Chairman's Announcements

- 2.1 The Chairman announced the sad passing of Brian Hannah, County Councillor for Sheringham from June 2001 to May 2017. Brian was Vice-Chairman of Norfolk County Council in 2013-14 and Chairman of Norfolk County Council in 2014-15 and Members of the Council paid tribute to his work whilst a County Councillor and stood in a minute's silence in his memory.
- 2.2 The Chairman highlighted some of the events he had attended, including the 34th Annual Thanksgiving Eve Service at Ely Cathedral organised by the United States Air Force at Lakenheath; the inaugural Priscilla Bacon Hospice 'Reflect and Remember' Service in Norwich Cathedral; receptions at RAF Mildenhall and King's Lynn Town Hall together with a number of Services at Great Yarmouth, Thetford, Wisbech including the St John's Ambulance Annual Carol Service.
- 2.3 The Chairman invited Councillors to attend Citizenship Ceremonies which were held at County Hall on the first Wednesday of each month. Any Councillor wishing to attend should contact Suzanne Morson, Executive Assistant to the Chairman in the first instance.

3 Declarations of Interest

- 3.1 Cllr Emma Corlett declared an Interest in agenda item 7 (Questions to Cabinet Members – question from Cllr Alexandra Kemp about Domestic Abuse) as she was Chair of Trustees at Leeway.

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

- 4.1 There were no items of urgent business.

5 Questions to Leader of the Council

5.1 Question from Cllr Steve Morphew

Cllr Morphew stated that Councillors were informed a special Council meeting had been called for Monday 3 February and asked why, given the relatively light agenda on 20 January, the Leader had not proposed delaying this meeting and combining the two meetings. He added that this would have saved money and Councillor time. Cllr Morphew also said that the issue relating to the call-in deadline for the Cabinet meeting on 13 January being after the Council meeting on 20 January would have been avoided and would also have avoided the Council report being delayed until March. Cllr Morphew suggested that, if the Leader had spoken to Group Leaders about how to manage the business, rather than handing them a decision as a fait accompli, it might have saved time, money and improved the smooth running of the Council. He asked why Group Leaders had not been consulted.

The Leader replied that, as Cllr Morphew was aware, the Boundary Review Working Group had been set up to consider the boundary review. The Labour Group and the Liberal Democrat Group had chosen not to participate in that Working Group. The Leader added that, as part of the process, the original submission had been due earlier and the final submission to the Boundary Commission was now due around 11 February 2020. He also added that the Boundary Commission would make the final decision and he felt it was important an extraordinary meeting was held to consider all of the proposals rather than rush the papers through at the meeting on 20 January.

Cllr Morphew considered that his question as to why this Council meeting had not been delayed until 3 February hadn't been answered and also why Group Leaders had not been consulted.

The Leader responded that there was business on the agenda at this meeting that needed to be concluded before 3 February.

5.2 Question from Cllr Brian Watkins

Cllr Watkins stated, in the past few weeks, Members had heard that the Norfolk & Norwich University Hospital had the worst record of any hospital in the country for dealing with accident and emergency cases within four hours. He asked what the Leader would say to Lacey Taylor and her mum about how the Council would use its influence, particularly through its regular meetings with the NHS, to seek the urgent improvements that accident and emergency patients needed and deserved.

The Leader replied that he didn't think anyone could doubt that the performance

of all hospitals, including the Norfolk & Norwich University Hospital needed improving. He added that one of the things Council was doing, in conjunction with its regular meetings with the NHS, was to see how improvements could be made by collaborative working. He added that he was sure some of those significant issues could be dealt with through collaboration.

5.3 Question from Cllr Sandra Squire

Cllr Squire stated that on 16 and 17 January 2020, Members had attended meetings and workshops with the Local Government Association (LGA) to discuss how they considered the current arrangements were working with the Cabinet system and new Committees. Cllr Squire asked if the Leader could confirm whether the feedback Councillors had given, and the comments made, would be acted upon and not just ignored.

The Leader replied that as Councillors were aware, the Governance Review had emanated from the Corporate Peer Review held in October 2019 and the key part of the work on 16 and 17 January, undertaken by the Peer Review Manager and Baroness Scott, was to undertake the governance review of the Council, which had been carried out in a proper manner with everyone having a chance to feed into the review. The Leader continued that he hadn't seen the report from the review and that he wouldn't be seeing it, as it would be presented to the Monitoring Officer who had Commissioned the review. He added that once the Monitoring Officer had received the report, Councillors could consider if any changes were needed.

5.3 Question from Cllr Brian Long

Cllr Long asked the Leader, although there was a motion on the agenda regarding the topic, what actions had been taken regarding the Greater Anglia rail service and the current performance issues.

The Leader responded that the motion would be considered later in the meeting, and also referred to the public consultation on the Rail Prospectus which had now been launched. He added that, to focus on the Greater Anglia issues, he had met with Brandon Lewis MP recently, the result of which was that both he and Chloe Smith MP, had written a letter to the Managing Director of Greater Anglia which had been published in the press on Friday 17 January 2020. The Leader said he felt sure all Members supported the views and that whilst there were issues with the Greater Anglia performance, there were also issues about how Network Rail had responded. He added that Theresa Coffey MP had also been involved in trying to resolve the issues.

The Leader said it was also worth adding, in the context of the new Government and its focus on the infrastructure revolution, that he was hoping more investment would be seen in the rail service to ensure the east of England received its fair share of funding. The Leader also referred to a meeting scheduled for 5 February 2020, organised by the Local Enterprise Partnership (LEP), supported by the local authorities in Norfolk and Suffolk, together with MPs in Norfolk and Suffolk, to commence work on the infrastructure agenda.

5.4 Question from Cllr Mike Sands

Cllr Sands asked the Leader, given the lack of decision in Westminster on Adult Social Care until the end of 2020 and according to the Prime Minister, not coming into force until 2025, what action he would take to expedite adequate funding for

adult social care in the interim.

The Leader responded that he was not sure the Prime Minister had said it would not take effect until 2025 and that one of the key things from the Queen's Speech was the focus on the costs and charging for adult social care and children's social care. He added that he had tried to explain the budget position at the Cabinet meeting on 13 January 2020 at which the Cabinet Member for Finance had given a very good summary of the financial situation. He continued that there were two things flowing from that - Council must, and would, keep lobbying Government to get the right level of funding, not only for adult social care, but for children's social care as well as all other services, and in doing that, we would be more than happy to work with all groups involved to take that lobbying forward.

5.5 Question from Cllr Tim Adams

Cllr Adams stated that, yet another Prime Minister had made a commitment for a social care green paper, and he was sure the Leader would agree that cross-party consensus on social care was needed. He asked if the Leader was concerned that everyone appeared to disagree with him on the minimum income guarantee as no commitment had been given to reverse the changes to the minimum income guarantee despite increased social care funding. He asked what the Leader would say to those people who had been put into poverty as a result of the minimum income guarantee.

The Leader replied that he agreed with Cllr Adams that cross-party consensus on this matter was needed. He added that, in response to an earlier question, he had tried to explain the overall financial position; how Cabinet wanted to move forward with lobbying and from that point of view it was not a matter of saying one issue was finished, as it was not. He continued that the other aspect, which he was sure Cllr Adams would understand, was in terms of the Council's finite resources, reiterating that there were finite resources available, and that even though the budget of £1.4bn was quite significant, it needed to be spent across the whole of Norfolk, for the benefit of all residents and communities.

5.6 Question from Cllr Mick Castle

Cllr Castle asked if the Leader would agree that the retention and future improvement of the Norwich to Liverpool cross-country rail service was vital to ensuring good connectivity with the Midlands and the North, as well as to London and the South-East. He also asked if the Leader could reassure him that Cabinet would seek the support of other East Anglian councils to secure government commitment to putting in key new rail infrastructure at Ely and elsewhere, to make this possible.

The Leader replied that he hoped Cllr Castle would accept that the aim was to see all forms of connectivity across the whole country and the Norwich to Liverpool line was one element. He added that, regarding the Ely junction, some preparatory work had begun to improve that junction and referred to his earlier answer about the infrastructure revolution and the work the Local Enterprise Partnership was doing in conjunction with local authorities to ensure investment and services were obtained.

5.7 Question from Cllr Carl Smith

Cllr Smith asked if the Leader would join him in congratulating all the Norfolk recipients announced in the New Year's Honours List.

The Leader replied that the first recipient he wanted to single out was Amanda Reeve, a Curriculum Manager at Norfolk County Council who had been awarded the British Empire Medal. He also highlighted other significant awards in Norfolk – David Gray, on the Police staff at Norfolk Constabulary who had been awarded an OBE; Barry Payne, a Headteacher and founder of the Norfolk Wherry School who had been awarded an OBE; Anna Morgan, Director of Nursing Quality at the Norfolk Community Health & Care NHS Trust who had been awarded an MBE and Heidi Fisher, a founder of Making an Impact Community Interest Company who had been awarded an MBE.

The Leader also added that he had attended the Palace when his late father had been awarded an OBE and that his father had been very proud and very respectful of the award. He said that he was sure Members would agree that people receiving awards were proud of the award they received and were respectful of it and that he struggled to understand why anyone who had received an award would contemplate returning it.

5.8 Question from Cllr Emma Corlett

Cllr Corlett asked the Leader, if there was any raise in welfare benefits in March or in future budgets, if he would commit to raising the minimum income guarantee (MIG) for social care rises in line with any welfare rise, otherwise the additional money would not go to the individuals as intended to meet the increased cost of living, and the cost of living with a disability, but would be entirely taken by the County Council.

The Leader replied that the minimum income guarantee was directed from Government, adding that if government funding was received it could be done. Regarding changes in benefit, any decisions would need to be made at the appropriate time.

5.9 Question from Cllr Steffan Aquarone

Cllr Aquarone stated that, if Cllr Proctor had been listening to BBC Radio Norfolk, he would have heard Catherine Rowlett MEP talking about her report being published about how Norfolk could become carbon neutral by 2030. He asked, given her experience and credentials and the stated importance of this issue to the Council as well as Norfolk's young people, if the Leader would be reading the document himself.

The Leader replied that he hadn't heard the report himself, but notwithstanding that, the Environmental Working Group, under the direction of Cllr Grant, was working on the environmental policies Council had agreed and to take that forward into intended actions by 2030.

5.10 Question from Cllr Alexandra Kemp

Cllr Kemp asked, following the Peer Review, how Council was taking action on its new organisational value of making better use of evidence in its decision-making. She added that making evidence-based policy was really important and referred to the fact that Hardings Way Bus Lane speeds up the passage of buses by four minutes and increasing the viability of the commercial bus service had not been heard by the Committee which made the Traffic Order. She asked what progress had been made in setting up the new Norfolk office for Data and Analytics and if Councillors could have assurance going forward that, under his

leadership, Council would take more evidence-based decisions.

The Leader replied that he felt Cllr Kemp was taking the wrong approach about information for making decisions, saying that decisions were made based on the evidence and the relevant facts. He continued that, with regard to data sharing, there was a data sharing protocol being established which was GDPR compliant and included a model for multiple organisations to work together to share data across the county, and which would be reported to the Norfolk Chief Executives Meeting on 30 January 2020. The Leader added that he thought that there were 7 centres across the country so Norfolk was leading the way, although the most important thing was how organisations worked together to share data for the best use for all residents and communities.

6 Cabinet Recommendations from the meeting held on 2 December 2019.

- 6.1 The Chairman highlighted that, as per the email from the Assistant Head of Democratic Services, the recommendations from the Cabinet meeting held on Monday 13 January 2020 would be held over until the Council meeting on 23 March 2020, apart from the items relating to the Budget which would be considered by Council at its meeting on 17 February 2020.

6.2 Finance Monitoring Report 2019-20 P7 : October 2019.

Cllr Andrew Proctor, Leader and Chairman of Cabinet, moved the recommendations in the report from the meeting held on 2 December 2019.

Cllr Morphew asked if the Leader could tell Council whether the recommendations could have waited until the 3 February meeting and if so, what other items of business on the agenda could not have waited until the 3 February meeting.

The Chairman of Cabinet responded that he felt it was important to get business completed as soon as possible, therefore the recommendations were important enough to be agreed at this meeting.

- 6.2.1 Council **RESOLVED** to **AGREE** the recommendation as outlined in the report.

6.4 Mid-Year Treasury Management Monitoring Report 2019-20.

The Leader moved the recommendations in the report. Council **RESOLVED** to **AGREE** the recommendations as outlined in the report.

7. Cabinet Reports (Questions to Cabinet Members)

Cllr Andrew Proctor, Leader and Chairman of Cabinet, moved the report. Council **RESOLVED** to **AGREE** the report.

7.1 Question from Cllr Alexandra Kemp to Cllr Andy Grant, Cabinet Member for Environment & Waste.

Cllr Kemp asked what help Council would give to the people of Clenchwarton at the Planning Inquiry on 5 February about the Fosters Development. She added that the high risk of tidal, groundwater and surface water flooding was so great that some residents had one foot of water permanently lying under their

floorboards in Coronation Road and in one case a house had been flooded and garages were flooded every time it rained. She asked why this hadn't been picked up and what was going to be done about it.

The Cabinet Member agreed to provide a written response.

Cllr Steve Morphey raised a point of order, asking the Chairman for the order he was taking questions to Cabinet Members. The Chairman responded that he had accepted the question from the only person who had raised their hand at that point, but accepted the comment and would take further questions as per the procedure note.

7.2 Question from Cllr Mike Smith-Clare to Cllr John Fisher, Cabinet Member for Children's Services.

Cllr Smith-Clare said he had not received a response to the question he had raised at the meeting in November 2019 about the number of permanent exclusions and asked the Cabinet Member for a reply.

The Cabinet Member apologised to Cllr Smith-Clare, saying that he thought he had replied, but as December had been really busy with the election, it may have been missed. Cllr Fisher said that permanent exclusions were reducing and in the period from September to the end of November 2019 there were 62 permanent exclusions, some of which were still being investigated. He added that the total number of referrals to pupil numbers being excluded from Norfolk schools in 2018-19 was actually 234, compare with 252 in 2017-18.

7.3 Question from Cllr Eric Seward to Cllr John Fisher, Cabinet Member for Children's Services.

Cllr Seward stated that the Schools Local Growth and Investment Plan had been approved by Cabinet on 13 January 2020. The report had identified a range of areas where new schools were likely to be required to meet rising demand. Cllr Seward added that he could see no reference in the report to North Walsham, even though it had been earmarked in the District Council's draft Local Plan as a growth town with up to 2000 new houses, and where it was acknowledged a new primary school would be required, which was known to council officers. Cllr Seward asked why North Walsham had been omitted from the report and why North Walsham was Norfolk's forgotten town.

The Cabinet Member responded that officers were fully aware of where expansion would be taking place as local plans predicted exactly where new houses would be and what the predicted pupil numbers would be. He added that North Walsham was currently being reviewed and although there were no specific plans at the present time, as houses came on line, he could assure all Councillors that the children's services department was fully up to speed and new schools would be in place, together with funding for those new schools, as soon as relevant numbers of pupils were present in the community.

7.4 Question from Cllr Alison Thomas to Cllr Martin Wilby, Cabinet Member for Highways, Infrastructure & Transport.

Cllr Thomas said she was very pleased to be able to attend, with Cllr Wilby in December 2019, the planting of a tree to celebrate the opening of the Hempnall roundabout. She asked the Cabinet Member to give Council an outline of when the landscaping was going to be completed and what planting was expected.

The Cabinet Member replied that he had enjoyed planting the tree to mark the special opening of the Hempnall roundabout and said that wherever he went he received compliments about the design, the layout and the standard of workmanship during its construction. The Cabinet Member said he believed tree planting was due to start on 20 January, with approximately 37 new trees being planted in and around the site, together with approximately 1km of new hedging and he looked forward to seeing them becoming established.

7.5 Question from Cllr Brenda Jones to Cllr Bill Borrett, Cabinet Member for Adult Social Care, Public Health & Prevention.

Cllr Brenda Jones stated that the Government had provided extra money to councils for social care and asked if the Cabinet Member still intended to support the effective reduction to the income of working age disabled people by another 10% this year and did he realise the terrible impact this was having on people and their families.

The Cabinet Member replied that Cabinet welcomed the Government's positivity about social care and that the Leader had already referred to the comments of the Prime Minister which he fully supported. He added that the extra money was very welcome although there were huge pressures in adult social care as Members were aware. He continued by saying that, even though the money the County Council was spending was increasing every year, the amount of demand placed on that money was rising even faster. The decision made by Council in February 2019 before we knew the Government recommended levels was not in the Cabinet papers, so the final decision would be made when Council discussed the budget in February 2020. The Cabinet Member continued that the Council had a duty to protect all the services we delivered because of the vulnerable people that relied on those services and also reiterated the need for the Council to set a balanced budget.

7.6 Question from Cllr Sandra Squire to Cllr Bill Borrett, Cabinet Member for Adult Social Care, Public Health & Prevention.

Cllr Squire asked if the Cabinet Member would agree that the recent problems with the direct payment scheme, including with PA's not being paid on time, was not good enough and give his assurance that payments would be issued correctly and on time in future.

The Cabinet Member replied that he couldn't give a direct assurance on individual cases, although he supported Cllr Squire's comments that if someone is entitled to a payment it was only fair that they received it when they should do so and they should have a lot of hassle around receiving money which they were due. He added that he echoed the comments made by Cllr Squire which he had raised with officers to ensure payments were made in a competent and timely manner.

7.7 Question from Cllr Tim Adams to Cllr Martin Wilby, Cabinet Member for Highways, Infrastructure & Transport.

Cllr Adams said he had been contacted by taxi drivers, both from within and beyond his Division, who had complained about delays they experienced on the NDR slip road which joined the A140 at the roundabout near the airport. Cllr Adams asked if the Cabinet Member had been informed of the issues, which he understood were occurring before 9am in the morning, and whether he was

investigating any means of mitigating them.

The Cabinet Member replied that the Broadland Northway was continually being monitored and that he was aware of the issues of congestion in certain areas at certain times of the day. He added that the highways department would continue to explore ways to improve the areas concerned.

7.8 Question from Cllr Mick Castle to Cllr Bill Borrett, Cabinet Member for Adult Social Care, Public Health & Prevention.

Cllr Castle asked if the Cabinet Member would join him in congratulating the Centre 81 Charity in Great Yarmouth on securing a £0.25m grant from the New Anglia LEP to enable it to relocate into larger and more modern premises on the Better Furniture site in Southtown Road in Great Yarmouth, and if he would pledge that the County Council would always take into account the important role of charitable and third sector organisations in providing services to the public and the difficulties they faced in an era of austerity and Council budget cuts.

The Cabinet Member responded that he didn't agree with the word 'cuts', although he did agree that the grant of £250k for Centre 81 from the LEP was very welcome and congratulated everyone at Centre 81 who had been involved in bidding for that money.

The Cabinet Member continued that third sector and the voluntary sector was a very important part of how services were delivered in the County Council and he felt it was something that should be on the radar of all Councillors. He continued by saying that, due to the changing demographics and population in the county for all sorts of reasons people were living longer, which was something he welcomed, but meant the Council was needing to find ways of managing that older population which had not been needed previously. The Cabinet Member agreed that the third sector was going to play a vital part of that and that he agreed with Cllr Castle's comments.

7.9 Question from Cllr Joe Mooney to Cllr Andrew Jamieson, Cabinet Member for Finance.

Cllr Mooney said, during a recent Cabinet meeting, the Cabinet Member for Finance had used the term 'running to stand still' to explain the pressures the County Council's budget was under. Cllr Mooney asked the Cabinet Member to explain to Council why he used that term.

The Cabinet Member replied that there was no getting away from how hard the Council was having to run to stand still, adding that service department cost pressures totalling approximately £65m needed to be met from the forthcoming budget. He continued by saying that this year, investment in adult social care would increase by a total of £35m to meet those cost pressures and to utilise new services. He added that investment of a further £23m in children's services would be shown and, despite the constraints the council was operating under, more money would be invested in Community & Environmental Services department, including approximately £900k in the Fire Service.

The Cabinet Member continued that, although there was an original budget shortfall of £35m and, despite all the new pressures that had emerged during the year, with the combination of savings, additional funding and the higher council tax, Council had been able to balance the revenue budget.

The Cabinet Member referred to the Medium-Term Financial Strategy, which forecast a significant gap in resources, which was why work was being carried out to make a case to Government for fair and adequate funding of local services. He added that work with local MP's, by speaking and writing to relevant Ministers to put Norfolk's case front and centre in the Government's thinking when investing infrastructure, social care and economic priming would continue.

7.10 Question from Cllr Danny Douglas to Cllr Martin Wilby, Cabinet Member for Highways, Infrastructure & Transport.

Cllr Douglas asked the Cabinet Member, with the counties increased commitment to cut carbon emissions, if he would commit to spending the sustainable transport element of the capital budget on sustainable transport and not road repairs in the forthcoming budget.

The Cabinet Member replied that the Council was continuing to invest in infrastructure across the county, not only in the city but also in applying for the Transforming Cities Fund as well as the Future Mobility Fund, which would have a big impact on emissions across the Greater Norwich area and across the whole of the county.

7.11 Question from Cllr Sarah Butikofer to Cllr Margaret Dewsbury, Cabinet Member for Communities & Partnerships.

Cllr Butikofer referred to the fact that the Fire Service response times were ever increasing and whilst it had been a few seconds here and there, it had increased and now an extra minute had been added to response times which could make a huge difference to the outcome of the people affected and impacted. Cllr Butikofer asked what was being done to try to bring those figures back on track because people in North Norfolk didn't have the same access to enable the fire service to attend emergencies from reciprocal areas.

The Cabinet Member replied that the report had appeared in the press on 20 January so many people may not have read it. The Cabinet Member continued that the report was a national report and in some areas there had been cuts in staffing which hadn't happened in Norfolk. The Cabinet Member continued that the reason Norfolk's figures were slightly down from last year, was because Norfolk had experienced a lot of heath fires which had taken a long time to douse completely on site. She added that the slight overspend on last year's budget was due to people being called out to cover the heath fires, and that Norfolk was slightly different to the rest of the country. She added that from her perspective this was a ten-year response period in the report and she would repeat the response by the Assistant Chief Fire Officer.

7.12 Question from Cllr Alexandra Kemp to Cllr Margaret Dewsbury, Cabinet Member for Communities & Partnerships.

Cllr Kemp said she wished to thank Cabinet for agreeing to guarantee the funding for the Domestic Violence Change Champion Trainers based in Children's Services for 2020-21. She added that when she had set up the One Billion Rising Campaign in King's Lynn against Domestic Violence, the Police Commissioner and his female deputy had funded a Domestic Violence Coordinator at the Queen Elizabeth Hospital. Cllr Kemp asked what steps were being taken to ensure the funding for the Domestic Abuse Champion Trainers

would continue next year, as the Domestic Homicide Review had said more front-line professionals needed to be trained to ask questions about domestic abuse, provide support and save women's lives. Cllr Kemp also asked when Norfolk would see a woman Police Commissioner.

The Cabinet Member for Communities & Partnerships replied that she didn't consider the question was relevant to her portfolio, although as far as customer services was concerned, training on domestic abuse was being carried out for all frontline staff.

The Cabinet Member for Children's Services added that Cllr Kemp had raised the question at Cabinet on 13 January and that Children's Services department had identified the budget for next year to fight domestic abuse and that he would provide a formal written response to the question.

7.12.1 Cllr Emma Corlett declared an Interest at this point as she was Chair of Trustees at Leeway.

7.13 **Question from Cllr Barry Stone to Cllr Martin Wilby, Cabinet Member for Highways, Infrastructure & Transport.**

Cllr Stone asked if the Cabinet Member could give Council an update on the latest position with the funding application for the Transforming Cities Fund and when a response from the Government was expected.

The Cabinet Member replied that the bid had been submitted to central Government which, if successful, had the potential to transform travel in the Greater Norwich area. The Transport for Norwich Partnership was seeking an overall investment in the region of £100m from the Dft Transforming Cities Fund, which aimed to make it easier for people to access jobs, training, retail and respond to issues around carbon reduction and improve local air quality, with a strong focus on improving public transport, including walking and cycling.

The Cabinet Member continued by saying if the Council was successful it planned to generate an additional 4000 bus trips per day and improve access to employment for thousands of residents in the most deprived parts of the city, with bus passengers seeing reduced journey times with more frequent services and connecting options. By moving to more sustainable transport options the Council hoped to tackle congestion, reduce single car occupancy and achieve a 16000 tonne reduction in CO2 across the city with particular focus on current pollution hotspots. He went on to say this would support the ambitious 2030 carbon neutral target which was set out in the latest Council Environmental Policy.

The Transforming Cities Proposals, developed in partnership, had been widely supported by key stakeholders across the city and the Greater Norwich area, with some bus operators pledging to make some fleet upgrades should the funding be awarded, with the potential to introduce electric buses through other government sources.

This funding bid also had the potential to deliver investment in sustainable transport infrastructure on an unprecedented scale, transform how people travelled around Norwich, boost the local economy and deliver real benefits in terms of health, employment and environment for years to come.

The Cabinet Member continued that the level of support shown for the proposals was testament to the partnership approach to date and the commitment shown to invest by bus operators was a clear indication of confidence in our joint approach to delivery.

All of our current proposals are available on the website and the decision from the Department for Transport regarding funding was expected by the end of March 2020 after which all the funded schemes in the proposals would be subject to further local consultation and detailed design.

Transport for Norwich was a partnership between Norfolk County Council, Norwich City Council, and the district authorities of Broadland and South Norfolk. The Transforming Cities Fund was a government fund totalling £1.2bn and Greater Norwich was one of the twelve city areas on the shortlist to apply for funding.

The Cabinet Member also added that, as he had previously mentioned, alongside this bid, Norfolk County Council had also submitted an application to fund further transport innovation that sought to significantly reduce levels of single car occupancy in Norwich through the future mobility zone fund and this bid included an all-electric fleet for park and ride services, with additional information in the bus operators' letters of support.

7.14 Question from Cllr Terry Jermy to Cllr Andrew Jamieson, Cabinet Member for Finance.

Cllr Jermy stated, given how tight budgets were at the moment and with cuts to services, there was understandable concern about the additional council meeting being held in February and the financial implications. He added, with this in mind, if the Cabinet Member could confirm the average cost of staging a full Council meeting, including everyone's expense claims and officer time.

The Cabinet Member responded that he would provide a written response, adding that one point he would make was that accountability was an immensely important part of the council process and whilst he thought the Scrutiny Committee was a key cog in that process, this was an out-facing moment when the council could demonstrate accountability to the people of Norfolk and be held to account, which should not be dismissed as part of the process.

7.15 Question from Cllr Brian Watkins to Cllr Bill Borrett, Cabinet Member for Adult Social Care, Public Health & Prevention.

Cllr Watkins stated that in 2018-19 the Council estimated the annual staff turnover of registered nurses in older people's care homes in Norfolk was 49.5% per year; 36% of registered nurses were aged 55 or over and 26% were from the European Union. He added that a job in the care market needed to be appealing and held in high regard by society and asked what the Cabinet Member would do to ensure this was seen to be the case in Norfolk and ensure the impending crisis in registered nurses did not happen.

The Cabinet Member replied that the Council was very aware of the shortage of professionals in the care industry and as such, as the Cabinet report presented at the Cabinet meeting on 13 January reported, for the second year running the County Council was proposing to include an inflation-busting increase into the

amounts people were paid by the County Council, in some cases well over the rate of inflation, amounting to an extra £11m last year with a proposal to include an additional £13m this year. He continued that the increase in the living wage had been fully funded by the County Council, so that would go directly to the people who were working and not be passed on by employers. The Cabinet Member added that he agreed with Cllr Watkins' point and that he could easily and able demonstrate the County Council's point and that it was putting its money where its mouth was.

7.16 Question from Cllr Mick Castle to Cllr John Fisher, Cabinet Member for Children's Services.

Cllr Castle said he welcomed the roll out of the new SRBs to augment the county's provision for children with special needs and asked the Cabinet Member to reassure Council that due diligence had been carried out to ensure the academies chosen to run them were financially sound.

The Cabinet Member replied that no decision had yet been made as to who would be running the academies and reassured Council absolute and thorough due diligence would be carried out to ensure anyone running any SRBs and the new schools would be checked and investigated and that there would be no incidents where they could not run those facilities.

7.17 Question from Cllr Chenery of Horsburgh to Cllr John Fisher, Cabinet Member for Children's Services.

Cllr Chenery asked if Norfolk County Council was any further forward in handing the former Bircham School building back to the Sandringham Estate.

The Cabinet Member agreed to provide a written response.

7.18 Question from Cllr Julie Brociek-Coulton to Cllr Bill Borrett, Cabinet Member for Adult Social Care, Public Health & Prevention.

Cllr Brociek-Coulton said, at Cabinet on Monday 13 January, one of the parents of a young person with a learning disability said her daughter was at the Cabinet meeting because her PA hadn't shown up to take her to her new job. She asked if the Cabinet Member could tell Council how many people had experienced this as well with their PA's not showing up and why were people being billed if they were not receiving a service from the County Council. She asked why this kept happening.

The Cabinet Member replied that he couldn't speak about individual cases, but he could say, in answer to Cllr Squire's earlier question, it wasn't acceptable for someone to be charged for something they were not receiving, and although he didn't know what the individual cases were, he had raised the matter with officers. He reassured Council it was an issue the department would continue to address.

7.19 Question from Cllr Tim East to Cllr Martin Wilby, Cabinet Member for Highways, Infrastructure & Transport.

Cllr East asked if the Cabinet Member could confirm that the Transforming Cities Bid was inextricably linked with the Transport for Norwich scheme.

In reply, the Cabinet Member said the Transforming Cities Bid was a bid put forward by Norfolk County Council, along with South Norfolk and Broadland

which specifically covered the whole of the greater Norwich area.

Cllr East reiterated that his question as whether the Transforming Cities Bid was inextricably linked with the Transport for Norwich scheme.

The Cabinet Member said he had given his answer.

7.20 Question from Cllr Sandra Squire to Cllr Andy Grant, Cabinet Member for Environment & Waste.

Cllr Squire asked, given the recent flooding and the many flood warnings in Norfolk, if the Cabinet Member could give Council an update on the Regional Flood and Coastal Committees (RFCC) and confirm how much funding was being allocated to Norfolk.

In reply, the Cabinet Member said the budget through RFCC had been completed and he would provide a written response as to the works to be carried out in Norfolk for the forthcoming year.

7.21 Question from Cllr Mike Sands to Cllr Bill Borrett, Cabinet Member for Adult Social Care, Public Health & Prevention.

Cllr Sands asked if the Cabinet Member could confirm that a decision due in December on the provision of meaningful training and activity for those with disabilities was made, as those providers in his division and across the county, were still waiting for confirmation of a date for the forum for providers in preparing their submissions for their own long-term planning.

In reply, the Cabinet Member replied that they would be notified shortly.

8. Committee Reports

8.1 Scrutiny Committee meeting held on 17 December 2019

Cllr Steve Morphew, Chair, moved the report. Council **RESOLVED** to note the report.

8.2 Norwich Highways Agency Joint Committee meeting held on 19 December 2019.

Cllr Tony Adams, Chairman, moved the report. Council **RESOLVED** to note the report.

9. Appointments to Committees, Sub-Committees and Joint Committees (Standard Item).

9.1 No appointments were made.

10. Notice of Motions

10.1 The following motion was **WITHDRAWN** by Cllr Terry Jermy:

Council regrets the continued unreliability of rail services to Norfolk and the lack of investment in the infrastructure that is required to give residents, businesses and visitors the service they deserve and pay for. Council further regrets the latest fare

increases at a time when services have deteriorated.

Council believes urgent action is required to tackle the problems and to invest in the infrastructure for delivery of high quality rail services to the county, and connectivity far beyond. Council also recognises that good public transport is essential to helping achieve our ambitious carbon reduction targets.

Council therefore resolves to

1. request the Leader of the Council to write to the Secretary of State for Transport asking him to personally intervene to urgently bring an end to the current chaos
2. request the Secretary of State to review the franchises of companies serving Norfolk to determine whether the franchise agreements and companies holding the franchises are fit for purpose
3. further request the Secretary of State to prioritise investment in railway infrastructure in the East of England that services Norfolk
4. urge the LEP to lobby government on behalf of private and public sector partners whose businesses and economic development plans are damaged by the ongoing uncertainty
5. welcome any investigation undertaken by the Scrutiny Committee either on its own or in conjunction with other county councils in the East of England affected by the same service disruptions as Norfolk into the causes, consequences and actions required as a result

- 10.2 The following motion was proposed by Cllr Mike Smith-Clare and seconded by Cllr David Rowntree.

The Council fully accepts that the hunting of wild animals with dogs is illegal under the terms of the Hunting Act 2004, except where an exemption applies.

With a continual threat to the environment and on wild and domestic animals, the Council proposes that the Environmental Working Group considers the impact of removing trail hunting and the exercising of packs of dogs from Norfolk County Council owned land including County Farms.

- 10.2.1 Upon being put to a vote with 18 votes in favour, the motion was **LOST**.

- 10.3 The following motion was proposed by Cllr Emma Corlett and seconded by Cllr Penny Carpenter:

Council recognises that receiving a terminal health diagnosis is devastating news for any employee.

Council is committed to being a compassionate employer and will fully support any employee facing a terminal diagnosis.

Council commits to supporting the TUC “Dying To Work” campaign and will sign up to the following charter that sets out an agreed way in which our employees will be supported, protected and guided throughout their employment, following a terminal diagnosis.

- * We recognise that terminal illness requires support and understanding and not additional and avoidable stress and worry.
- * Terminally ill workers will be secure in the knowledge that we will support them following their diagnosis and we recognise that safe and reasonable work can help maintain dignity, offer a valuable distraction and can be therapeutic in itself.
- * We will provide our employees with the security of work, peace of mind and the right to choose the best course of action for themselves and their families which helps them through this challenging period with dignity and without undue financial loss.
- * We support the Dying to Work campaign so that all employees battling a terminal illness have adequate employment protection and have their death in service benefits protected for the loved ones they leave behind.
- * We will use our collective influence to encourage other Norfolk employers to adopt this charter.

10.3.1 Following debate and upon being put a vote, Council unanimously voted in favour and the motion was **CARRIED**.

10.4 The following motion was proposed by Cllr Sandra Squire and seconded by Cllr Ed Maxfield.

This Council believes that a quality Education is the cornerstone of a successful society, it is the foundation for improving life chances and should be accessible to all. While Council recognises that the differing Educational attainment rates between boys and girls is an issue seen Nationally, Council is concerned by the Educational Achievement Standards in Norfolk and especially with the continuing underperformance of boys in Norfolk, particularly amongst white working class boys.

Therefore, Council urges the Cabinet and the People & Communities Select Committee to make this issue a priority concern for 2020. Taking into account current research on strategies for addressing this issue and identifying appropriate Community or Academy Schools in the County, to launch pilot schemes in the 2020-21 Academic Year with the aim to improve achievement standards in boys.

10.4.1 The following amendment was proposed by Cllr John Fisher. The amendment was accepted by Cllr Sandra Squire, as proposer of the original motion, and became the substantive motion.

This Council believes that a quality Education is the cornerstone of a successful society, it is the foundation for improving life chances and should be accessible to all. While Council recognises that the differing Educational attainment rates across genders is an issue seen Nationally, and occurs at varying ages Council identifies that the Educational Achievement Standards in Norfolk vary up to key stage 2.

Recent studies have identified that work in the early years on speech and language has the most significant impact on closing the gender gap in attainment. Council

urges the Cabinet and the People & Communities Select Committee to focus on a concerted campaign to close the gender gap by end of reception year with the aim of improving achievement across Norfolk.

10.4.2 The following amendment was proposed by Cllr Emma Corlett:

This Council believes that a quality Education is the cornerstone of a successful society, it is the foundation for improving life chances and should be accessible to all. While Council recognises that the differing Educational attainment rates across genders is an issue seen Nationally, and occurs at varying ages Council identifies that the Educational Achievement Standards in Norfolk vary ~~up to key stage 2.~~

Recent studies have identified that work in the early years on speech and language has the most significant impact on closing the gender gap in attainment. Council urges the Cabinet and the People & Communities Select Committee to focus on a concerted campaign to close the gender gap by end of reception year with the aim of improving achievement across Norfolk.

10.4.3 As proposer of the substantive motion, Cllr Sandra Squire accepted the amendment which became the substantive motion -

This Council believes that a quality Education is the cornerstone of a successful society, it is the foundation for improving life chances and should be accessible to all. While Council recognises that the differing Educational attainment rates across genders is an issue seen Nationally, and occurs at varying ages Council identifies that the Educational Achievement Standards in Norfolk vary.

Recent studies have identified that work in the early years on speech and language has the most significant impact on closing the gender gap in attainment. Council urges the Cabinet and the People & Communities Select Committee to focus on a concerted campaign to close the gender gap by end of reception year with the aim of improving achievement across Norfolk.

10.4.5 Upon being put to a vote, the motion was unanimously **CARRIED**.

11. To answer questions under Rule 8.3 of the Council Procedure Rules

No questions were received.

The meeting concluded at 12.20pm.

Chairman

Questions requiring written responses from the Council Meeting – Monday 20 January 2020

	Question and response:
<p>Question from Cllr Alexandra Kemp to Cllr Andy Grant, Cabinet Member for Environment & Waste.</p>	<p>Cllr Kemp asked what help Council would give to the people of Clenchwarton at the Planning Inquiry on 5 February about the Fosters Development. She added that the high risks of tidal, groundwater and surface water flooding was so great that some residents had one foot of water permanently lying under their floorboards in Coronation Road and in one case a house had been flooded and garages were flooded every time it rained. She asked why this hadn't been picked up and what was going to be done about it.</p> <p>Response: The County Council's Flood & Water Management Team have not, yet, received reports of flooding at Coronation Road, Clenchwarton which you mentioned. We would encourage local residents to report the flooding via our online Flood Report Form: https://online.norfolk.gov.uk/floodreport/ or if this is not possible, we can send out paper questionnaires. If the reported flooding meets our thresholds, we will undertake a formal investigation.</p> <p>Accurate knowledge of local flooding issues can inform the Council's responses to consultations on planning applications. Officers in the Flood & Water Management Team have assessed the drainage proposals for the development and were able to recommend conditions on the design and construction of the drainage system. As the Lead Local Flood Authority (LLFA) does not have an outstanding objection to the development, officers from the LLFA will not be attending the appeal hearing.</p>
<p>Question from Cllr Alexandra Kemp to Cllr John Fisher, Cabinet Member for Children's Services</p>	<p>Cllr Kemp said she wished to thank Cabinet for agreeing to guarantee the funding for the Domestic Violence Change Champion Trainers based in Children's Services for 2020-21. She added that when she had set up the One Billion Rising Campaign in King's Lynn against Domestic Violence, the Police Commissioner and his female deputy had funded a Domestic Violence Coordinator at the Queen Elizabeth Hospital. Cllr Kemp asked what steps were being taken to ensure the funding for the Domestic Abuse Champion Trainers would continue next year, as the Domestic Homicide Review had said more front-line professionals needed to be trained to ask questions about domestic abuse, provide support and save women's lives. Cllr Kemp also asked when Norfolk would see a woman Police Commissioner.</p> <p>Response: The Cabinet Member for Communities & Partnerships replied that she didn't consider the question was relevant to her portfolio, although as far as customer services was concerned, training on domestic abuse was being carried out for all frontline staff.</p> <p>The Cabinet Member for Children's Services added that Cllr Kemp had raised the question at Cabinet on 13 January and</p>

	<p>Question and response:</p> <p>that Children's Services department had identified the budget for next year to fight domestic abuse and that he would provide a formal written response to the question.</p> <p>Children's Services view Domestic Abuse (DA) as one of its top priorities to address in significantly improving outcomes for children and young people growing up in Norfolk, both systemwide and in respect of our social care response.</p> <p>As such, we have agreed to take over the funding of the DA Change Coordinators for 20/21, and we are in the process of finalising where they will be best based in our new operating model. This is in addition to the considerable investment we are making in new DA Specialist roles embedded in all localities working alongside our social care case holders to enhance the support provided to families to reduce the risk and harm caused to children.</p> <p>So in addition to continuing to support our network of 1500+ DA Champions across the County from a range of different services, they will provide training and leadership role to the Domestic Abuse Specialists currently being recruited to."</p>
<p>Question from Cllr Terry Jermy to Cllr Andrew Jamieson, Cabinet Member for Finance.</p>	<p>Cllr Jermy stated, given how tight budgets were at the moment and with cuts to services, there was understandable concern about the additional council meeting being held in February and the financial implications of this. He added, with this in mind, if the Cabinet Member could confirm the average cost of staging a full Council meeting, including everyone's expense claims and officer time.</p> <p>Response: The convening of Full Council incurs £1,500 -£2,000 of direct costs, plus circa £3,000 of "opportunity cost" of officer time.</p>
<p>Question from Michael Chenery of Horsburgh to the Cabinet Member for Children's Services.</p>	<p>Cllr Chenery asked if Norfolk County Council was any further forward in handing the former Bircham School building back to the Sandringham Estate.</p> <p>Response: The site will be transferred back to HM The Queen; an asbestos survey has been carried out as requested by the Sandringham Estate Land Agent, and NP Law have been instructed to proceed with the transfer.</p>
<p>Question from Cllr Sandra Squire to Cllr Andy Grant, Cabinet Member for Environment & Waste.</p>	<p>Cllr Squire asked, given the recent flooding and many flood warnings in Norfolk, if the Cabinet Member could give Council an update on the Regional Flood and Coastal Committees (RFCC) and confirm how much funding was being allocated to Norfolk.</p> <p>Response: In reply, the Cabinet Member said the budget through RFCC had been completed and he would provide a written</p>

	Question and response:
	<p>response as to the works to be carried out in Norfolk for the forthcoming year.</p> <p>The RFCCs oversee a programme of flood protection and mitigation schemes to reduce the flood risk to people, property and infrastructure. All Risk Management Authorities can receive funding from this programme if their proposed schemes meet the correct criteria.</p> <p>In Norfolk, in the financial year 2019/20, £23,836,637 was spent on flood protection and mitigation schemes and £30,743,53 is allocated for the financial year 2020/21.</p> <p>Further information has been requested from the RFCC, to provide detail on the schemes within the programme and the officer will update you when this information is received.</p>

Norfolk County Council**Minutes of the Extraordinary Meeting Held at 10am on
Monday 3 February 2020****Present:**

Cllr Tony Adams	Cllr John Timewell
Cllr David Bills	Cllr Karen Vincent
Cllr Bill Borrett	Cllr John Ward
Cllr Roy Brame	Cllr Brian Watkins
Cllr Penny Carpenter	Cllr Tony White
Cllr Ed Connolly	Cllr Fran Whymark
Cllr Margaret Dewsbury	Cllr Martin Wilby
Cllr Phillip Duigan	
Cllr John Fisher	
Cllr Tom FitzPatrick	
Cllr Colin Foulger	
Cllr Shelagh Gurney	
Cllr Ron Hanton	
Cllr David Harrison	
Cllr Chenery of Horsbrugh	
Cllr Brian Iles	
Cllr Andrew Jamieson	
Cllr Alexandra Kemp	
Cllr Keith Kiddie (Vice-Chairman)	
Cllr Mark Kiddle-Morris	
Cllr Ian Mackie	
Cllr Ed Maxfield	
Cllr Joe Mooney	
Cllr Steve Morphew	
Cllr George Nobbs	
Cllr Greg Peck	
Cllr Graham Plant	
Cllr Richard Price	
Cllr Andrew Proctor	
Cllr Dan Roper	
Cllr Eric Seward	
Cllr Bev Spratt	
Cllr Barry Stone	
Cllr Margaret Stone	
Cllr Haydn Thirtle	
Cllr Vic Thomson	

Present: 43

Cllr Keith Kiddie, Vice-Chairman, in the Chair.

Apologies for Absence:

Apologies for absence were received from Cllr Claire Bowes; Cllr Mick Castle; Cllr Stuart Clancy; Cllr Stuart Dark; Cllr Nigel Dixon; Cllr Harry Humphrey (Chairman); Cllr Brian Long; Cllr Judy Oliver; Cllr Will Richmond; Cllr Carl Smith; Cllr Thomas Smith; Cllr Mike Smith-Clare; Cllr Martin Storey and Cllr Sheila Young.

1 Chairman's Announcements

- 1.1 The Vice-Chairman advised that the Chairman, Cllr Harry Humphrey, had recently had an operation on his leg and was recovering well. Council wished Cllr Humphrey a speedy recovery.

2 Declarations of Interest

- 2.1 There were no declarations of interest.

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

- 3.1 There were no items of urgent business.

4 Norfolk County Council submission for the Boundary Commission Division Arrangements Consultation.

- 4.1 The Vice-Chairman read out a statement, a copy of which is attached at Appendix A.
- 4.2 Cllr Steve Morpew, Leader of the Labour Group, raised a Point of Order under Council Procedure Rules, Appendix 7(4)(i) which stated that Council meetings would normally be held at 10am and that the Head of Paid Service may only vary the time after consultation with the Leaders of Political Groups. As no such consultation had taken place, the Vice-Chairman upheld the Point of Order.
- 4.3 The Leader, Cllr Andrew Proctor, moved the following motion, which was duly seconded by Cllr Graham Plant:
- “Given the communication received from the Boundary Commission on Friday afternoon, I cannot move the motion that I intended to move, for council to approve the proposal within today’s papers. Instead I move a motion without notice under Appendix 7 rule 10 (1) (g) to adjourn the business of agreeing a proposal to submit to the Boundary Commission until the council meeting that is due to take place at 10am on 23rd March 2020”
- 4.4 Upon the motion being put to a vote, with 6 votes against, the motion was **CARRIED**.

The meeting concluded at 2.25pm.

Chairman



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Norfolk County Council – 3 February 2020 at 2.00 p.m

Agenda Item 4 – NCC Submission for the Boundary Commission Division Arrangements Consultation -

Statement by Chairman

“Members, this extraordinary meeting was convened to consider a draft proposal to the Boundary Commission, as set out in the council papers.

I am aware that a number of concerns have been raised about this meeting, and I will try to deal with them here.

Firstly, questions have been asked as to whether it was appropriate to call an extraordinary meeting at all, or whether the planned meeting for 20th January 2020 should have been adjourned until today, and all that business dealt with at the same meeting as the Boundary Commission proposal. I appreciate there are differences of opinion on this, but the decision was made to hold an extraordinary meeting to allow the whole meeting to be devoted to the discussion of the proposal, which was likely to be a lengthy item, and there is no reason why it was not appropriate to make that decision, and call the meeting.

Secondly, concerns have been raised that the extraordinary meeting was not properly convened. This is because the Council’s procedure rules at Appendix 7(4) (i) sets out that Council meetings will normally be held at 10am, and that the Head of Paid Service may only vary the time after consultation with the Leaders of political groups. That consultation did not take place, and Councillor Morphew has complained about this. The Chief Legal Officer has accepted that the required consultation did not take place, and has apologised to Cllr Morphew for that, and has asked me to reiterate that apology to all councillors in this statement. If Cllr Morphew or anyone else was to raise that as a point of order, I would uphold that there had been a breach of the Council’s standing orders in the Constitution. That does not mean that this council meeting is invalid. All that is required for a meeting to be properly convened is that the appropriate period of notice is given to the public and those required to attend, and that was done. This meeting is therefore validly convened, and that is my ruling on the issue.

Everything else being equal, we would therefore proceed to discuss the proposals contained in the council papers. However, late on Friday afternoon, officers received a communication from the Boundary Commission, which has effectively meant that it is not possible to consider the proposals in the papers. Having accepted the methodology that officers have been working on for many months, and agreeing that it “took into consideration the Commission’s guidance on forecasts and was thoughtfully considered”, the Commission advised on Friday that it had been persuaded by a counter argument submitted by South Norfolk, and effectively required the Council to start the process again, relying on a different methodology.

Officers are rightly concerned at the lateness of the communication, and the lack of engagement from the Boundary Commission before reaching that conclusion. Officers will be taking this up further with the Boundary Commission.

The Boundary Commission has extended the deadline for submission of proposals to 24th March 2020.

It is not therefore possible to consider this proposal at this meeting. Members will no doubt be aware that it is a long-established principle of local government law that once a council meeting has been properly convened, it cannot be “cancelled”. We were therefore required by law to hold this meeting, to dispose of the business either at the meeting, or by adjourning it to a specified date and time.

Members were advised of the situation as soon as possible on Friday evening to allow them to make their own decision as to whether it was worth their while to attend this meeting, given that the proposal could not be dealt with.”

NORFOLK COUNTY COUNCIL

17 February 2020
Item No 5

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

To enable Members to reach agreement about the Council's Revenue and Capital Budget 2020-24, there are a suite of papers contained here which cover the following:

- **Briefing for all Councillors from the Executive Director of Finance and Commercial Services** setting out the latest financial position for the Council including a revised Council Tax position as notified by District Councils at 31 January 2020;
- **Annexe 1** – Updated appendices to the Norfolk County Council Revenue Budget 2020-21 and Medium Term Financial Strategy 2020-24 report [updated from Cabinet 13/01/2020]:
 - Appendix 1: Norfolk County Council Revenue Budget 2020-21
 - Appendix 2: Medium Term Financial Strategy 2020-21 to 2023-24
 - Appendix 3: Statement on the Adequacy of Provisions and Reserves 2020-21 to 2023-24
 - Appendix 4: Statement on the Robustness of Estimates 2020-21 to 2023-24
 - Appendix 5: Findings of Public Consultation **[not updated]**
 - Appendix 6: Equality and Rural Impact Assessment **[not updated]**
- **Annexe 2** – Updated annexe to the Capital Strategy and Programme 2020-21 report [updated from Cabinet 13/01/2020], including:
 - Appendix A: Capital strategy 2020-21
 - Appendix B: Capital bids prioritisation
 - Appendix C: Capital programme 2020-23 – existing schemes summary
 - Appendix D: New and extended capital schemes
- **Annexe 3** – Updated annexe to the Annual Investment and Treasury Strategy 2020-21 report [updated from Cabinet 13/01/2020], including:
 - Appendix 1: Minimum Revenue Provision Statement 2020-21
 - Appendix 2: Ratings comparative analysis
 - Appendix 3: Indicative List of Approved Counterparties for Lending
 - Appendix 4: Time and monetary limits applying to investments
 - Appendix 5: The Capital and Treasury Prudential Indicators
 - Appendix 6: Credit and counterparty risk management
 - Appendix 7: Approved Countries for Investments
 - Appendix 8: Treasury Management Scheme of Delegation
 - Appendix 9: The Treasury Management Role of the Section 151 Officer
 - Appendix 10: Non-treasury investments

The Cabinet meeting on 13 January 2020 received reports relating to the Council's Revenue and Capital Budget for 2020-21. The original versions of these are available in the [meeting](#)

[papers](#)¹. As set out in the Executive Director's briefing, a number of final changes have arisen since the Cabinet papers were prepared. As a result, the annexed technical budget papers have been updated to reflect the changes and revised versions of the appendices to the reports are annexed to this paper.

In addition, a further decision is required (number 2 below) in relation to Members' allowances reflecting a decision to be made by the Full Council.

Details of all changes are set out in the following briefing.

¹<https://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/128/ctl/ViewMeetingPublic/mid/496/Meeting/1590/Committee/169/SelectedTab/Documents/Default.aspx>

Recommendations to County Council

The County Council is recommended to:

In respect of the Norfolk County Council Revenue Budget 2020-21 and Medium Term Financial Strategy 2020-24 report (Annexe 1):

The (amended) Cabinet recommendations to County Council in respect of the Budget are shown below. As part of considering the proposed Revenue Budget on 13 January, Cabinet also resolved:

To note the statements regarding the uncertain planning environment, robustness of budget estimates, assumptions and risks relating to the 2020-21 budget, and (due to the unique level of uncertainty for budget setting this year) authorise the Executive Director of Finance and Commercial Services, in consultation with the Leader of the Council and the Cabinet Member for Finance, to make any changes required to reflect Final Local Government Finance Settlement information (if available), or changes in council tax and business rates forecasts from District Councils, in order to maintain a balanced budget position for presentation to Full Council.

Changes in the planning position since Cabinet considered the Budget in January have resulted in a revised budget recommendation to Council as reflected in the following recommendations and the updated technical papers appended to this briefing.

**ALL REFERENCES IN THE RECOMMENDATIONS RELATE TO
THE ANNEXED REPORTS EXCEPT WHERE SPECIFIC REFERENCES
TO THE FOLLOWING BRIEFING PAPER ARE SHOWN**

Cabinet RESOLVED:

1. To agree to recommend to County Council:
 - a) The level of risk and budget assumptions set out in the Robustness of Estimates report (Appendix 4), which underpin the revenue and capital budget decisions and planning for 2020-24.
 - b) The principle of seeking to increase general fund balances in 2020-21 and that any additional resources which become available during the year should be added to the general fund balance wherever possible.
 - c) The findings of public consultation (Appendix 5), which should be considered when agreeing the 2020-21 Budget (Appendix 1).
 - d) An overall County Council Net Revenue Budget of **£430.421m** for 2020-21, including budget increases of **£114.785m** and budget decreases of **-£93.656m** as set out in Table 11 of Appendix 1, and the actions required to deliver the proposed savings. **[note budget totals in bold updated from Cabinet position]**
 - e) The budget proposals set out for 2021-22 to 2023-24, including authorising Executive Directors to take the action required to deliver budget savings for 2021-22 to 2023-24 as appropriate.

- f) With regard to the future years, that further plans to meet the remaining budget shortfalls in the period 2021-22 to 2023-24 are developed and brought back to Cabinet during 2020-21.
- g) To note the advice of the Executive Director of Finance and Commercial Services (Section 151 Officer), in section 6 of Appendix 1, on the financial impact of an increase in council tax, and confirm, or otherwise, the assumptions that:
 - i) the council's 2020-21 budget will include a general council tax increase of 1.99% and a 2.00% increase in the Adult Social Care precept, an overall increase of 3.99% (shown in section 6 of Appendix 1) based on the current discretions offered by Government and as recommended by the Executive Director of Finance and Commercial Services.
 - ii) the council's budget planning in future years will include council tax increases of 1.99% for planning purposes, as set out in the Medium Term Financial Strategy (MTFS Table 4 in Appendix 2). These council tax assumptions have regard to the level of referendum threshold expected to be set for the year, and take into account the Government's historic assumptions that local authorities will raise the maximum council tax available to them. The final level of council tax for future years is subject to Member decisions annually.
 - iii) no future increases in the Adult Social Care precept in 2021-22 onwards are assumed based on current Government policy but that these will be subject to Member decisions annually within and informed by any parameters defined by the Government.
 - iv) if the referendum threshold were increased in the period 2021-22 to 2023-24 to above 1.99%, or any further discretion were offered to increase the Adult Social Care precept (or similar), then it is likely that the Section 151 Officer would recommend the council take advantage of this flexibility in view of the council's overall financial position as set out in the assumptions in section 5 of Appendix 1.
- h) That the Executive Director of Finance and Commercial Services be authorised to transfer from the County Fund to the Salaries and General Accounts all sums necessary in respect of revenue and capital expenditure provided in the 2020-21 Budget, to make payments, to raise and repay loans, and to invest funds.
- i) To agree the Medium Term Financial Strategy 2020-24 as set out in Appendix 2, including the two policy objectives to be achieved:
 - i) Revenue: To identify further funding or savings for 2021-22 and 2023-24 to produce a balanced budget in all years 2020-24 in accordance with the timetable set out in the Revenue Budget report (Table 1 of Appendix 1).
 - ii) Capital: To provide a framework for identifying and prioritising capital requirements and proposals to ensure that all capital investment is targeted at meeting the Council's priorities.
- j) The mitigating actions proposed in the equality and rural impact assessments (Appendix 6).
- k) Note the planned reduction in non-schools earmarked and general reserves of 37.9% over five years, from £88.709m (March 2019) to £55.109m (March 2024) (Reserves Table 6 in Appendix 3);
- l) Note the policy on reserves and provisions in Section 3 of Appendix 3;
- m) Agree, based on current planning assumptions and risk forecasts set out in Appendix 3:
 - i) for 2020-21, a minimum level of general balances of £19.623m, and
 - ii) a forecast minimum level for planning purposes of
 - 2021-22, £25.982m;
 - 2022-23, £26.343m; and
 - 2023-24, £26.431m.

as part of the consideration of the budget plans for 2020-24, reflecting the transfer of risk from Central to Local Government, and supporting recommendations;

- n) Agree the use of non-school Earmarked Reserves, as set out in Reserves Table 5 of Appendix 3.

Matters for decision not considered by the Cabinet meeting 13 January 2020:

2. In May 2019, the County Council considered a report on the *Review of Special Responsibility Allowances*² and resolved that “*With regard to the proposal for the allowance scheme not to be uplifted in [2020-]2021 in line with staff salaries, by whatever percentage was agreed, any decision should be made when setting the budget in February 2020 (for [2020-]2021).*” County Council must therefore consider whether or not to apply an increase in members’ allowances for 2020-21, in line with the staff pay award. The current proposed budget makes provision for an increase in line with the inflationary increase awarded to staff (provided for and assumed to be 2% in the proposed 2020-21 Budget, but subject to national pay award negotiation currently underway). **The Leader will move that Council approve an increase in members’ allowances in line with the inflationary uplift applied to salaries.**
3. That County Council approves the final changes to the proposed Revenue Budget 2020-21 reflecting final District Council forecasts and as set out in the Executive Director of Finance and Commercial Services’ covering briefing note.

In respect of the Capital Strategy and Programme 2020-21 report (Annexe 2):

Cabinet RESOLVED to:

4. Refer the programme to County Council for approval, including the new and extended capital schemes outlined in Appendix D of the report.
5. Recommend to County Council the Council’s Flexible Use of Capital Receipts Strategy for 2020-21 to 2021-22 as set out in Section 5 of the report.

Note: Proposed amendments to the Capital Programme since consideration by Cabinet 13 January 2020 are set out in the briefing note.

In respect of the Annual Investment and Treasury Strategy 2020-21 report (Annexe 3):

Cabinet RESOLVED to:

6. Endorse and recommend to County Council, the Annual Investment and Treasury Strategy for 2020-21, including:
 - The capital prudential indicators included in the body of the report;
 - The Minimum Revenue Provision Statement 2020-21;
 - The list of approved counterparties at Appendix 4, including working capital facilities for NCC Nurseries Limited (maximum £0.250m), NCC HH Limited (maximum £0.250m) and Independence Matters CIC (Maximum £1m) to be made available from the date of approval by County Council;
 - The treasury management prudential indicators detailed in Appendix 5.

² County Council, 7 May 2019, Item 16:

<https://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/128/ctl/ViewMeetingPublic/mid/496/Meeting/1452/Committee/2/SelectedTab/Documents/Default.aspx>

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Note: The Minimum Revenue Provision (MRP) Statement 2020-21 has been amended since the recommendation at the Cabinet meeting 13 January 2020, to better explain the Council's use of the previous over-provision of MRP, including the amount brought forward into 2019-20, and also to refer to right-of-use assets which will result from the impact of IFRS16 which will affect the Council's accounts in 2020-21. These changes reflect the latest treasury and audit advice, and the revised policy is appended to the briefing paper with changes highlighted.

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

1. Revenue Budget 2020-21

- 1.1. Since the preparation of the budget reports for the Cabinet meeting on 13 January 2020, revised information has been received from District Councils in respect of their Council Tax tax base and collection fund for the deadline of 31 January 2020.
- 1.2. Final information in relation to forecast Business Rates is still to be confirmed by District Councils following an extension by Central Government to the deadline for some NNDR1 returns. The Budget therefore reflects the position as presented to Cabinet in January 2020. Work is also currently underway with District Councils to deliver benefits from the 2019-20 75% Pilot, and there may be additional in-year income for 2020-21 as a result of this activity.
- 1.3. Just prior to publication of these papers, on 6 February 2020, the Secretary of State for Housing, Communities and Local Government announced the details of the final Local Government Finance Settlement 2020-21.³ Initial analysis indicates that the final Settlement makes no changes to the previously announced provisional allocations. **For the purposes of setting the 2020-21 Budget, it has therefore been assumed that there will be no substantive changes between the provisional and final settlement allocations, or following the parliamentary debate, due to take place 12 February 2020.** In other words, the Budget is unchanged in respect of the provisional government funding position presented to Cabinet 13 January 2020. Any future variations arising will be reported to Members as part of the usual monitoring processes through the year. Please note that due to the timing of the Government announcement, and the fact that no changes in funding are anticipated, the appended technical papers have **not** been updated to reference the final Settlement.
- 1.4. Proposed dates for collection of council tax and business rates income by the County Council from the District Councils have been amended from those presented to Cabinet following the publication of Central Government's Revenue Support Grant and Business Rates Retention payment schedules for 2020-21.
- 1.5. As set out in the covering note, the technical reports considered by Cabinet and Scrutiny Committee have been updated to reflect the financial impacts of all changes for 2020-21 as set out in this paper, which include:
 - Recognition of significant additional cost pressures in Children's Services;
 - Proposed capitalisation of schools' equipment budgets;
 - Updated Council Tax tax base and collection fund forecasts from District Councils; and
 - Finalised cost neutral changes between Departments following reconciliation of budgets.

³ <https://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2020-to-2021>

- 1.6. In addition, the County Council budget papers have been updated to reflect final inflation estimates for future years.
- 1.7. The final district forecasts of council tax have indicated additional income totalling £2.761m for 2020-21 compared to the position reported to Cabinet 13 January 2020. However, a substantial element of this, amounting to £2.816m, is one-off as it relates to the distribution of council tax collection fund surplus for previous years. This increase in income is offset by a small reduction in the tax base of £0.055m.
- 1.8. At the same time, since Cabinet considered the draft 2020-21 Budget, further work has been undertaken to review and validate emerging cost pressures within Children's Services. These include pressures linked to additional placement costs, and funding required to support SEND transformation projects.
- 1.9. The additional resources from the final council tax forecasts, and a proposal to capitalise £2m of schools' equipment costs on an ongoing basis have provided scope to fund these new pressures in the final 2020-21 Budget for Full Council.
- 1.10. The net effect of all changes means that **the overall gap position for future years has increased by £4.599m to £93.694m** as summarised in the table below.

Table 1: Changes to proposed Revenue Budget since 13 January 2020 Cabinet

	2020-21	2021-22	2022-23	2023-24	Total
	£m	£m	£m	£m	£m
Budget gap at 13 January 2020 Cabinet	0.000	35.492	23.949	29.652	89.093
Additional Collection Fund income forecast 2020-21	-2.816	2.816	0.000	0.000	0.000
Impact of final tax base estimate 2020-21 (including ASC precept 2020-21)	0.055	0.002	0.001	0.001	0.059
Final inflation adjustments	-0.002	0.681	0.549	0.549	1.777
Additional Children's Services budget pressures including demographic growth and provision for 2019-20 placement and child and family support overspend pressures	2.750	0.000	0.000	0.000	2.750
Funding for SEND transformation improvements	2.000	0.000	0.000	0.000	2.000
CHS006 Children's Services - School equipment capitalisation	-2.000	0.000	0.000	0.000	-2.000
Treasury management adjustment	0.013	0.000	0.000	0.000	0.013
Final proposed Budget and Medium Term Financial Strategy gap as at 17 February 2020 County Council	0.000	38.992	24.500	30.203	93.694

- 1.11. The impact of these changes on the Council's overall budget planning position is shown below. [note this table is reproduced as table 10 within ANNEXE 1, Appendix 1: Norfolk County Council Revenue Budget 2020-21 of the attached technical budget papers].

Table 2: Budget planning position 2020-21 to 2023-24 – changes from the 2019 MTFS position

Item	2020-21	2021-22	2022-23	2023-24	Total
	£m	£m	£m	£m	£m
<u>Medium Term Financial Strategy 2019-22</u>					
<u>Cost pressures and funding decreases</u>					
Economic and inflationary pressures	15.755	15.985	0.000	0.000	31.740
Legislative requirements	7.926	2.061	0.000	0.000	9.987
Demand and demographic pressures	10.405	10.880	0.000	0.000	21.285
Council policy decisions	7.282	21.895	0.000	0.000	29.178
Funding decreases	40.936	16.866	0.000	0.000	57.802
Total cost pressures and funding decreases	82.304	67.688	0.000	0.000	149.992
<u>Council tax</u>					
Collection Fund	3.931	0.000	0.000	0.000	3.931
Council tax increase %	-8.146	-8.457	0.000	0.000	-16.603
Tax base increase	-7.243	-7.519	0.000	0.000	-14.762
Total change in council tax income	-11.457	-15.977	0.000	0.000	-27.434
<u>Savings and funding increases</u>					
Adult Social Services	-17.257	-5.700	0.000	0.000	-22.957
Children's Services	-3.484	-2.000	0.000	0.000	-5.484
Community and Environmental Services	-3.707	-3.390	0.000	0.000	-7.097
Strategy and Governance	0.963	0.000	0.000	0.000	0.963
Finance and Commercial Services	-1.750	-0.650	0.000	0.000	-2.400
Finance General	-5.847	-5.000	0.000	0.000	-10.847
Sub-total savings	-31.082	-16.740	0.000	0.000	-47.822
Funding increases	-3.879	0.000	0.000	0.000	-3.879
Total savings and funding increases	-34.961	-16.740	0.000	0.000	-51.701
Original gap at MTFS 2019-20 to 2021-22 (surplus)/deficit as agreed by Full Council in February 2019	35.886	34.971	0.000	0.000	70.857
<u>Cost pressures and funding decreases</u>					
<i>Economic and inflationary pressures for all services</i>	0.631	3.772	20.338	20.338	45.079
<u>Legislative requirements</u>					
Adults - Pay and price market pressures (Purchase of Care costs linked to National Living Wage)	0.000	6.340	6.274	6.046	18.660
CES - A&B Class roads signage review	0.000	0.500	-0.500	0.000	0.000
CES - Tree investigation pressures	0.150	0.000	0.000	0.000	0.150
CES - Increase in Fire pension pressure 2020-21	0.080	0.000	0.000	0.000	0.080

Item	2020-21	2021-22	2022-23	2023-24	Total
	£m	£m	£m	£m	£m
CES - Blue Badges - hidden illness implementation pressure	0.120	0.000	0.000	0.000	0.120
CES - Revised Public Health expenditure for additional grant funding	0.685	0.000	0.000	0.000	0.685
CES - Brexit pressures (resilience)	0.088	-0.088	0.000	0.000	0.000
CES - Trading Standards - additional trading standards requirements following Brexit	0.090	0.000	0.000	-0.090	0.000
Finance General – Local Government Pension Scheme (LGPS) revaluation pressures (NCC)	2.550	-1.000	1.016	2.000	4.566
Finance General - LGPS reduction in pressures at revaluation (Other bodies)	-3.729	0.000	0.000	0.000	-3.729
Finance General - Apprenticeship Levy increase (forecast payroll growth)	0.036	0.000	0.000	0.000	0.036
Finance General - Environment Agency Levy increase	0.000	0.000	0.050	0.050	0.100
Finance General – Eastern Inshore Fisheries and Conservation Authority (EIFCA) Precept increase	0.000	0.000	0.011	0.011	0.022
Finance General - Extended Rights to Free Travel Grant pressure	0.000	0.000	0.050	0.050	0.100
<i>Demand and demographic pressures</i>					
2022-23 onwards core demographic pressures for all services	0.000	0.000	10.880	11.480	22.360
Children's Services – Demographic growth and provision for 2019-20 placement and child and family support overspend pressures	10.750	0.000	0.000	0.000	10.750
Children's Services – Home to school transport provision for 2019-20 overspend pressures and future growth in pupil numbers	4.500	0.500	0.500	0.500	6.000
CES - Recognition of reduced waste pressures due to lower than expected tonnage	-1.500	0.000	0.000	0.000	-1.500
CES - Highways maintenance demand pressures	0.300	0.100	0.000	0.000	0.400
CES - Highways new developments and infrastructure pressures	0.150	0.000	0.000	0.000	0.150
CES - Lead Local Flood Authority flood improvement schemes	0.150	0.000	0.000	0.000	0.150
<i>Council policy decisions</i>					
Adults - Recurrent pressures arising from 2019-20 service delivery	9.221	5.472	0.000	0.000	14.693
Adults - One off use of Adults reserves to address recurrent pressures	-1.221	1.221	0.000	0.000	0.000
Adults - Provision for pressures linked to Children's new operating model	0.320	0.000	0.000	0.000	0.320
Adults - Remove previously planned use of Adults Business Risk reserve	4.000	-4.000	0.000	0.000	0.000
Children's Services - Revise vacancy assumptions from 92.5% to 98.5% to address structural budget gap	3.800	0.000	0.000	0.000	3.800

Item	2020-21	2021-22	2022-23	2023-24	Total
	£m	£m	£m	£m	£m
Children's Services - Recruitment and retention investment offset by reduction in agency costs	0.300	-0.340	-0.880	-0.200	-1.120
Children's Services - Funding for investment in new operating model	2.950	-0.820	-0.700	0.000	1.430
Children's Services - Remove General Fund contribution to High Needs Block deficit / provide £2m for SEND transformation improvements	-1.000	0.000	0.000	0.000	-1.000
CES - Waste cost pressures in 2021-22 from contract reprocurement (costs subject to Brexit / exchange rate / capacity)	0.000	2.400	0.000	0.000	2.400
CES - Fire service cost pressures following Integrated Risk Management Plan (IRMP) review	0.887	0.000	0.000	0.000	0.887
CES - Council revenue costs linked to DfT Transforming Cities funding	0.200	0.000	0.000	0.000	0.200
CES - Economic Development provision for feasibility studies and projects	0.100	0.000	0.000	0.000	0.100
CES - Customer Services additional costs in relation to the Community Directory	0.058	0.000	0.000	0.000	0.058
CES - Revenue pressures arising from Environmental Policy agreed at Council November 2019	0.175	0.175	0.000	0.000	0.350
CES - Growth pressures on revenue element of Library Service material fund budget	0.040	0.000	0.000	0.000	0.040
Strategy and Governance - Transfer of Coroners Officer administrative staff from police	0.000	0.048	0.051	0.105	0.204
Strategy and Governance - Budget for Leader's Office Business Manager post established in 2019-20	0.052	0.000	0.000	0.000	0.052
Strategy and Governance - Critical capability uplift to ensure Intelligence and Analytics support across all services	0.500	0.000	0.000	0.000	0.500
Finance and Commercial Services - HR and Finance System replacement revenue costs	0.000	0.412	-0.360	-0.052	0.000
Finance and Commercial Services - Transfer to renewable energy sources agreed by Corporate Board June 2019	0.015	0.000	0.000	0.000	0.015
Finance and Commercial Services - Procurement resources to strengthen the sourcing team, and provide contract transition function	0.160	0.000	0.000	0.000	0.160
Finance and Commercial Services - Revised staffing structure to increase resilience in Budgeting and Accounting to support Adults and Children's	0.080	0.000	0.000	0.000	0.080
Finance General - Establish pool car revenue budget	0.060	0.000	0.000	0.000	0.060
Finance General - reduce previously planned use of capital receipts	5.000	5.000	0.000	0.000	10.000
Finance General - Minimum Revenue Provision pressures (unwinding of previous savings)	3.000	3.000	3.000	3.000	12.000

Item	2020-21	2021-22	2022-23	2023-24	Total
	£m	£m	£m	£m	£m
Finance General - Treasury Management cost pressures including debt restructuring and end of principal repayment from Learning Skills Council	1.228	0.216	1.642	2.902	5.988
<u>Savings and funding increases</u>					
<i>Changes to savings brought forward from 2019-20 MTFS</i>					
Adults - Removal of "Social Prescribing" saving ASC050 following pilot	0.600	0.600	0.000	0.000	1.200
Adults - Removal of undeliverable element of "Maximising potential through digital solutions" saving ASC036	1.000	0.000	0.000	0.000	1.000
Adults - Add Social Services charging policy phase 2 savings (ASC046) agreed in 2019-20 budget round for 2022-23 onwards	0.000	0.000	-0.235	0.000	-0.235
CES - Technical adjustment to remove Public Health savings from 2019 MTFS and replace with detailed 2020 MTFS proposals	1.500	1.500	0.000	0.000	3.000
CES - Removal of "Providing a joined-up Library and Children's Service" saving CMM042	0.500	0.000	0.000	0.000	0.500
CES - Delay "Income generation – Norfolk Museums Service" CMM043 to reflect timing of Castle development activity	0.400	0.000	-0.400	0.000	0.000
Strategy and Governance - Removal of NPLaw income target P&R083	0.150	0.000	0.000	0.000	0.150
Finance and Commercial Services - Removal of "Finance Exchequer Services savings" P&R090 delivered through one-off measures	0.460	0.000	0.000	0.000	0.460
<i>Net new saving proposals 2020-21 Budget Round</i>					
Adult Social Services - new 2020-21 saving proposals	-7.240	-2.244	0.000	0.000	-9.484
Children's Services - new 2020-21 saving proposals	-5.766	-4.400	-2.000	0.000	-12.166
Community and Environmental Services - new 2020-21 saving proposals	-2.206	-0.375	0.000	0.000	-2.581
CES - Public Health - new 2020-21 saving proposals	-1.500	-0.500	1.664	0.000	-0.336
Strategy and Governance - new 2020-21 saving proposals	-0.500	0.000	0.000	0.000	-0.500
Finance and Commercial Services and Finance General - new 2020-21 saving proposals	-0.800	0.800	0.000	0.000	0.000
Business Transformation - new 2020-21 saving proposals	-0.760	-4.388	-1.412	-0.412	-6.972
<i>Changes to funding assumptions from 2019-20 MTFS</i>					
2019-20 Social Care Funding maintained (assumed ongoing)	-7.139	0.000	0.000	0.000	-7.139

Item	2020-21	2021-22	2022-23	2023-24	Total
	£m	£m	£m	£m	£m
2019-20 Winter Pressures Funding rolled into improved Better Care Fund (iBCF) (assumed ongoing)	-4.179	0.000	0.000	0.000	-4.179
2019-20 iBCF funding maintained	-5.903	0.000	0.000	0.000	-5.903
Rural Services Delivery Grant maintained (assumed ongoing)	-3.981	0.000	0.000	0.000	-3.981
Settlement Funding Assessment changes (Revenue Support Grant to receive 1.6% uplift in 2020-21 and changes to Business Rates Baseline assumptions - assumed ongoing)	-11.172	-12.937	0.000	0.000	-24.109
Additional Business Rates from Districts' October 2019 forecasts above baseline	-1.700	0.000	0.000	0.000	-1.700
2019-20 Fire Pension Grant maintained for 2020-21 (assumed ongoing)	-1.629	0.000	0.000	0.000	-1.629
Additional Public Health Grant allocation	-0.685	0.000	0.000	0.000	-0.685
New Social Care Grant announced at Spending Round 2019 (assumed ongoing)	-17.617	0.000	0.000	0.000	-17.617
New Homes Bonus Grant maintained (new bonus payable for 4 years instead of 6 - assumed ongoing)	-2.934	0.000	0.000	0.000	-2.934
2019-20 Brexit Grant funding maintained for 2020-21	-0.088	0.088	0.000	0.000	0.000
<i>Changes in council tax assumptions</i>					
Council tax % increase (assumes 1.99% in all years for planning purposes)	-0.006	-0.311	-8.884	-9.187	-18.388
Council tax collection fund (assumes collection fund unwinds)	-3.215	3.215	1.000	0.500	1.500
Council tax base (1.39% growth 2020-21, 1.8% 2021-22, 1.5% thereafter)	1.682	0.064	-6.606	-6.839	-11.699
Council tax 2% ASC precept 2020-21 (Spending Round 2019)	-8.134	0.000	0.000	0.000	-8.134
Proposed 2020-21 Revenue Budget and forecast MTFS gap (surplus)/deficit	0.000	38.992	24.500	30.203	93.694

2. Capital Programme

2.1. The latest proposed capital programme reflects amendments since 13 January Cabinet to incorporate additional bids, additional information, and revised estimates, which results in a net increase of £1.039m in 2020-21, £4.284m in 2021-22, and £2.000m in 2022-23.

2.2. Amendments to the proposed Capital Programme are shown below.

Table 3: Changes to proposed Capital Programme since 13 January 2020 Cabinet

Service	New or addition to capital project / programme	2020-21	2021-22	2022-23+	Additional information
		£m	£m	£m	
Children's Services	Schools equipment capitalisation	2.000	2.000	2.000	Addition of £2m per annum to the Children's Services capital programme to replace revenue contributions. This will be used to support the 2020-23 Children's Services revenue budget
CES	Web Team	0.250			Additional costs of capital development of the Norfolk Directory
	Gypsy, Roma and Traveller (GRT) sites	0.260			Revised estimate of additional costs relating to GRT sites: bring the relevant parts of the site, including communal areas, up to acceptable standards.
	Gressenhall meeting and conference facilities	0.070			Capital investment at Gressenhall to create meeting/conference space, which will result in additional income generation.
Finance and Commercial Services	Offices accommodation rationalisation	1.500	1.000		Investment to facilitate the roll out of the smarter working programme as agreed by the transformation board in January 2020, by making required modification to operational buildings to facilitate flexible and agile working
- Farms	Farms capital maintenance	2.959	1.284		Capital maintenance of the Council's farms estate is funded through current and future farms capital receipts. An indicative allowance of £0.600m is also in the programme to provide a budget for minor items and unforeseen expenditure.
- Finance	Loan facility re Herondale, no longer required	(6.000)			Loan facility previously approved, future year's element, no longer required.
Total net change to programme		1.039	4.284	2.000	
Total proposed new bids, Cabinet 13 January 2020		20.458	10.772	7.358	
Total adjusted net new bids		21.497	15.056	9.358	

3. Annual Investment and Treasury Strategy 2020-21

- 3.1. As a result of the amendments to the capital programme summarised in section 2 above, the forecasts and prudential indicators in the Annual Investment and Treasury Strategy 2020-21 annexed to this briefing have been updated accordingly.
- 3.2. Since consideration by Cabinet, changes have been made to the Council's proposed MRP policy to better explain the use of the previous over-provision of the Minimum Revenue Provision (MRP), including the amount brought forward into 2019-20, and also to refer to right-of-use assets which will result from the impact of IFRS16 which will affect the Council's accounts in 2020-21.
- 3.3. The revised policy is below with changes shown in **bold type**. The Annual Investment and Treasury Strategy 2020-21 annexed to this briefing note includes this revised policy.

Minimum Revenue Provision Statement 2020-21

- A1 Regulations issued by the Department of Communities and Local Government in 2008 require the Council to approve a Minimum Revenue Provision (MRP) statement in advance of each year.
- A2 Members are asked to approve the MRP statement annually to confirm that the means by which the Council plans to provide for repayment of debt are satisfactory. Any revisions to the original statement must also be issued. Proposals to vary the terms of the original statement during the year should also be approved.
- A3 MRP is the provision made in the Council's revenue budget for the repayment of borrowing used to fund capital expenditure - the Council has a statutory duty to determine an amount of MRP which it considers to be prudent, having regard to guidance issued by the Secretary of State.
- A4 In 2020-21:
- For capital expenditure incurred before 1 April 2007 which is supported by Formula Grant (supported borrowing), the MRP policy will be to provide the amount to set aside calculated in equal instalments over 50 years.
 - For all capital expenditure since that date which is supported by Formula Grant (supported borrowing), the MRP policy will be to provide the amount to set aside calculated in equal instalments over 50 years from the year set aside is first due.
 - In calculating the amounts on which set aside is to be made pre 1 April 2007 Adjustment A will be applied.
 - **Any charges made over the statutory minimum revenue provision, voluntary revenue provision or overpayments can, if needed, be reclaimed in future years if deemed necessary or prudent, and cumulative overpayments disclosed. At 31 March 2019 the cumulative amount over-provided was £32.041m. The over-provision ~~identified by the change~~ will be released in a phased manner until 2021-22, to the extent that it has not been fully used.**
 - For expenditure since 1 April 2008, the MRP policy for schemes funded through borrowing will be to base the minimum provision on the estimated life of the assets in accordance with the guidance issued by the Secretary of State.
 - **Re-payments included in annual PFI and finance lease/right of use asset arrangements are applied as MRP.**

- Having identified the total amount to be set aside for previously unfunded capital expenditure the Council will then decide how much of that to fund from capital resources with the residual amount being the MRP for that year.
- A5 Where loans are made to third parties for capital purposes, the capital receipt received as a result of each repayment of principal, under the terms of the loan, will be set aside in order to re-pay NCC borrowing and to reduce the Capital Financing Requirement accordingly. MRP will only be accounted for if an accounting provision has been made for non-repayment of the loan or if there is a high degree of uncertainty regarding the repayment. This arrangement will also be applied where a third party has committed to underwrite the debt costs of a specific project through amounts reserved for capital purposes.
- A6 The Council will continue to make provision at least equal to the amount required to ensure that each debt maturity is met.

4. Summary

- 4.1. The technical Budget papers annexed to this briefing have been updated from the versions presented to Cabinet 13 January 2020 to reflect the changes detailed above. The original versions of all reports, including covering reports as considered by Cabinet can be found [here](#). Any subsequent changes, for example in respect of final business rates forecasts, will be reported as part of in-year monitoring during 2020-21.

Simon George
Executive Director of Finance and Commercial Services



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Norfolk County Council Revenue Budget 2020-21

1. Introduction and financial context

- 1.1. All local authorities are operating in a highly uncertain financial climate and Norfolk County Council is no exception. 2019-20 was the final year of the four-year funding allocations provided for the period 2016-17 to 2019-20, and the provisional Local Government Finance Settlement¹ was not announced until late in the process of preparing the 2020-21 Budget. These allocations remain to be confirmed in the Final Settlement. As a result, the council has had limited certainty about core elements of funding for 2020-21 although some indications were provided at the Spending Round announced in September 2019. The lack of confirmed allocations meant that the council faced an almost unprecedented level of uncertainty about funding levels for 2020-21. The picture for 2021-22 onwards is significantly more unclear, due to the lack of information about any future Comprehensive Spending Review (CSR), and the impact of delayed reforms to the local government finance system (including the Fair Funding Review (FFR), 75% Business Rates Retention Scheme (BRRS), and long term funding for social care).
- 1.2. Following the general election and the Queen's Speech delivered 19 December 2019², it appears that limited additional funding is currently being targeted towards local government, and a long-term solution to the challenge of adequately funding Adult Social Care remains desperately overdue. The council therefore continues to call for a prompt resolution to the Fair Funding Review, to deliver adequate and sustainable funding levels for county councils. When coupled with the substantial ongoing reductions in core government grant that have taken place since 2010, the overall level of uncertainty means that the financial environment for local government remains extremely challenging for the foreseeable future. Local authorities continue to face a growing gap between funding and service pressures, driven in part 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 services such as transport, planning, environment, and trading standards have been subject to significant restrictions which have also seen increasing pressure placed on discretionary and preventative services. Nationally there has been a widespread retrenchment towards statutory service provision across local government. So, although local government expects to receive very welcome additional and repeat funding following the Spending Round 2019 announcements, these are expected to be substantially absorbed by ongoing demand and demographic pressures and will thus fall far short of reversing the sustained level of reductions experienced since 2010-11.
- 1.3. In the period from 2010-11 to 2019-20, Norfolk County Council's share of cuts has seen the authority absorb reductions of £219.955m in core Government funding while the actual cost pressures on many of the council's services have continued to go up. For example, last year alone, extra demands on children's services and adult's social care services arising from circumstances outside of the council's control – such as inflation, and changes in Norfolk's population profile – cost another £34.373m. Dealing with ongoing spending pressures and funding reductions of this scale requires the

¹ <https://www.gov.uk/government/speeches/provisional-local-government-finance-settlement-2020-to-2021-statement>

² <https://www.gov.uk/government/speeches/queens-speech-december-2019>

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council to keep its business and operations under constant review, and to continually seek to deliver services in the most effective way possible, for the lowest cost. This imperative, alongside the council's vision and strategy, and the council plan *Together, for Norfolk*, have informed the preparation of the council's 2020-21 Budget and Medium Term Financial Strategy (MTFS). The council's detailed budget planning work has enabled the development of a robust set of proposals for 2020-21, which close the budget gap of £35.886m identified in the 2019 Medium Term Financial Strategy, support the continued investment in key services, and allow a balanced budget for 2020-21 to be put forward for approval.

- 1.4. The latest estimate of the council's overall budget position for 2020-21 as a result of the above, and other emerging issues, is set out in the remainder of this paper. The position has been updated between Cabinet and the County Council meeting in February to incorporate final changes to District Council council tax forecasts at the end of January. The final settlement and final business rates position remain to be confirmed.

2. County Council strategy and transformation

- 2.1. Norfolk County Council, along with all other local authorities and public services, is undergoing profound, complex change due to changing demographics, finances and practice models. There is a need to manage the change well to ensure we are providing the best possible service for the people of Norfolk.
- 2.2. This report to Cabinet sets out how the council's vision and strategy drives the development of the 2020-21 Budget and Medium Term Financial Strategy.
- 2.3. *Caring for our County*, the vision for Norfolk approved by Members in February 2018, outlines the council's commitment to playing a leading role in:
 - Building communities we can be proud of;
 - Installing infrastructure first;
 - Building new homes to help young people get on the housing ladder;
 - Developing the skills of our people through training and apprenticeships;
 - Nurturing our growing digital economy; and
 - Making the most of our heritage, culture and environment.
- 2.4. On 7 May 2019, Full Council formally adopted Norfolk County Council's plan, *Together, for Norfolk*, as part of its policy framework. The new whole-council plan brings together the vision in *Caring for our County* and the council values and principles, and provides a clear view of the priorities and significant activity that the council needs to deliver alone or with partners over the next six years.
- 2.5. *Together, for Norfolk* focuses on partnership working and collaboration, and aims to drive economic growth, improve social mobility, and lead to a better quality of life and outcomes for the people of Norfolk. The plan emerged directly from the needs assessment carried out as part of the county's deep analysis of social mobility, following the publication of the report by the Social Mobility Commission in 2018. The plan's outcomes framework has three overriding ambitions which drive the Council's priorities: A growing economy, thriving people, and strong communities. Our plan also underpins and contributes to the delivery of the New Anglia Local Enterprise Partnership Norfolk and Suffolk Economic Strategy.

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2.6. The plan provides a whole-council view of significant activities, including, significant service change or redesign, infrastructure, assets and technology, including capital programmes or projects, strategy or policy development. *Together, for Norfolk* supports and is aligned to our Medium Term Financial Strategy to ensure continued visibility and oversight of critical strategic initiatives.

2.7. Our services support our ambitions by ensuring children and young people have the best start in life, protecting vulnerable people, developing strong infrastructure, maintaining a safe road system and helping improve the economy. Our primary transformation programme in the council is *Norfolk Futures*, a five year programme, currently in its second year. The programme provides the direction and vehicle for delivering against our priorities. It also encompasses the council's approach to transformation of its organisation and services, major elements of which are:

1. Safer children and resilient families

The council ambition is to have a greater focus on prevention at scale. By supporting families and communities at the right time in the right place we will reduce the number of children coming into care and high volume of contacts and referrals into our statutory services, supporting better outcomes for children and families. We will ensure that, where children do need to come into care, there are sufficient placements for children and young people that meet their needs.

2. Promoting independence for vulnerable adults

By enabling more people to live independently for longer, the council aims to prevent, reduce and delay the need for formal care. We will focus on improvements to front door arrangements, early help and intervention, helping people stay connected with others in their communities, reablement and social work practice, as well as integration with the local health system. For younger adults with disabilities, we want them to have access to work, housing and social activities which contribute to a good quality of life and wellbeing.

3. Local service strategy

Under this priority, we will work with partners to identify joint priorities and deliver and co-ordinate services that meet the needs of communities, through a network of multi-function hubs developed around libraries and other existing community assets.

4. Smarter working

This programme is an enabler to our service transformation and brings together smarter information and advice, business transformation, innovation through technology, commercialisation and the property strategy, to change the way we work and enable the sustainable delivery of our strategies.

2.8. Smarter Working and Organisational Development are enablers to our service transformation and the figure below shows how the different programmes join up.

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2.9. Norfolk Futures is guided by four core principles that will frame the transformation we will lead across all our work. This is all underpinned by evidence and political support, to change how the council works and how we work with the people of Norfolk.

- Offering our help early to prevent and reduce demand
- Joining up our work so that similar activities and services are easily accessible, done once and done well;
- Being business like and making the best use of digital technology; and
- Using evidence and data to target our work where it can make the most difference.

2.10. The council is also looking to change the way we work to reflect new systems and technology. With increased digital technology come significant opportunities to transform and innovate our services. As an organisation, we will be more flexible about when and where we work, and how we creatively use space and technology to find new and more efficient ways of doing things in a modern and business-like way.

2.11. By 2025 the council plan, transformation programme and underpinning departmental plans will have moved the council towards a more sustainable future with affordable, effective services, taking account of the current context where demand for our services is driven both by demographic and social trends, and where increasingly complex and more expensive forms of provision are becoming prevalent.

3. The council's strategy and planning process for the 2020-21 Budget

3.1. The council's budget planning for 2020-21 has been undertaken in line with the following overarching timetable. The proposed outline timetable for next year's budget setting is also set out below, and adopts a similar approach to this year.

Table 1: Budget planning timetable 2020-21 and proposed 2021-22

Activity/Milestone	Time frame
2020-21	
Cabinet review of the financial planning position for 2020-24 – including formal allocation of targets	20 May 2019
Service review of budget pressures and development of detailed savings proposals 2020-24	May – September 2019

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Activity/Milestone	Time frame
Spending Round 2019	4 September 2019
Cabinet considers full savings proposals and agrees proposals for public consultation	7 October 2019
Public consultation on 2020-21 Budget and council tax and Adult Social Care precept options	23 October to 10 December 2019
Provisional Local Government Finance Settlement 2020-21	20 December 2019
Cabinet considers outcomes of service and financial planning, EQIA and consultation feedback and agrees revenue budget and capital programme recommendations to County Council	13 January 2020
Final Local Government Finance Settlement	February 2020
Scrutiny Committee 2020-21 Budget scrutiny	28 January 2020
Confirmation of District Council tax base and Business Rate forecasts	31 January 2020
County Council agrees Medium Term Financial Strategy 2020-21 to 2023-24, revenue budget, capital programme and level of council tax for 2020-21	17 February 2020
2021-22 Proposed	
<i>Government Spring Budget 2020*</i>	11 March 2020
Cabinet review of the financial planning position for 2021-25 – including formal allocation of targets and action plan to respond to CIPFA Financial Management Code	TBC May 2020
Service review of budget pressures and development of detailed savings proposals 2021-25	May – September 2020
<i>Spring Statement 2020(?)*</i>	<i>TBC Spring 2020</i>
<i>Comprehensive Spending Review to be launched*</i>	<i>TBC Spring / Summer 2020</i>
<i>Further indicative details and consultation on Fair Funding Review and Business Rates Retention*</i>	<i>TBC Summer / Autumn 2020</i>
Cabinet considers full savings proposals and agrees proposals for public consultation	TBC October 2020
<i>Chancellor's Autumn Budget 2020(?) – including outcomes of Comprehensive Spending Review*</i>	<i>TBC October / November 2020</i>
Public consultation on 2021-22 Budget and council tax and Adult Social Care precept options	TBC October to December 2020
Reporting to Cabinet as appropriate	November – December 2020
<i>Provisional Local Government Finance Settlement announced including outcomes of Fair Funding Review, implementation of 75% Business Rates Retention and provisional council tax and precept arrangements*</i>	<i>TBC around 5 December 2020</i>
Confirmation of District Council tax base and Business Rate forecasts	31 January 2021
Cabinet considers outcomes of service and financial planning, EQIA and consultation feedback and agrees revenue budget and capital programme recommendations to County Council	1 February 2021
<i>Final Local Government Finance Settlement*</i>	<i>TBC January / February 2021</i>
Scrutiny Committee 2021-22 Budget scrutiny	17 February 2021
County Council agrees Medium Term Financial Strategy 2021-22 to 2024-25, revenue budget, capital programme and level of council tax for 2021-22	22 February 2021

**Assumed Government activity*

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- 3.2. The current year's Budget and Medium Term Financial Strategy (MTFS) for the period 2019-20 to 2021-22 was agreed 11 February 2019 including £79.427m of savings and with a remaining gap of £70.857m. The MTFS provided the starting point for the council's 2020-21 Budget planning activity. Full details of cost pressures assumed in the council's MTFS are set out in the [2019-20 Budget Book](#)³.
- 3.3. The latest information about the council's 2019-20 budget position is set out in the financial monitoring reports to Cabinet. The council's overarching budget planning for 2020-21 is based on the assumption that a balanced 2019-20 outturn position is delivered (i.e. that savings are achieved as planned and there are no overall overspends). Ongoing pressures and non-delivery of savings within the forecast 2019-20 position have been provided for as detailed later in this paper.
- 3.4. In May 2019, Cabinet considered the council's overall budget position in the context of emerging budget risks and uncertainties. Cabinet agreed an approach to service planning and budget setting including the allocation of savings targets to services. Since then, Service Departments have undertaken detailed budget planning to identify savings proposals, cost pressures and key risks for the 2020-21 Budget, and on 7 October 2019, Cabinet confirmed that the approach would be to continue to seek to identify savings of £40m and extend Medium Term Financial Strategy planning to 2023-24 based on:
- The three-block approach to closing the £40m 2020-21 gap endorsed by Cabinet on 20 May 2019.
 - Agreeing that a process to address the 2021-22 gap of £35m should be considered when there is greater certainty about the multi-year Spending Review, 75% Business Rates Retention, and the Fair Funding Review.
- 3.5. Cabinet received details of the Chancellor's Spending Round announcements which were anticipated to provide additional resources beyond the level assumed in the February MTFS. This additional funding, once confirmed, was expected to enable a number of pressures to be mitigated to ensure a robust budget could be set for 2020-21. However, the short-term nature of the Spending Round announcement (for 2020-21 only) meant that risks remained around the provision of this funding in future years. Taking this context into account, Cabinet considered the new savings proposals for 2020-21 which had been identified to address the forecast budget gap, along with details of the underlying strategy for each Department, which helped to inform the development of proposals, and agreed to begin public consultation on the 2020-21 Budget.
- 3.6. The budget position and associated assumptions are kept under continuous review. The latest financial planning position and details of all Service Department savings proposals, were set out for Cabinet to consider prior to budget-setting by County Council in February 2020.

³ <https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/budget-book-2019-22.pdf>

4. Proposed Revenue Budget 2020-21

- 4.1. As previously discussed, the proposed 2020-21 Budget has been developed in a context of very considerable uncertainty. However, the Spending Round 2019 did indicate that a considerable amount of funding, which had previously been assumed to be one-off in nature, would in fact be continuing in 2020-21. The proposals for next year therefore seek to maximise the opportunity this presents to ensure that the 2020-21 Budget is as robust and deliverable as possible, given the council's wider service pressures and funding challenges. This includes (in particular) reducing the planned reliance on uncertain or higher risk capital receipts, which are one off in nature and would themselves give rise to significant further budget pressures in future.
- 4.2. In spite of the fact that indicative funding announcements in the Spending Round were better than previously assumed, the council continues to expect to need to draw on its earmarked reserves over the period, and is not expecting to make significant contributions into reserves. This mainly reflects the timing of spend funded from specific grants and does not include any draw on the council's general balances. The use of reserves is also in part a reflection of the various severe cost pressures which the council faces across almost all service areas. It is important to recognise that as a result, the council is **not** in a position to be able to remove or reverse any of the key service saving proposals agreed as part of the 2019-20 budget, including those savings which are due for implementation during 2020-21.
- 4.3. The Revenue Budget proposals set out in this document form a suite of proposals which will enable the County Council to set a balanced Budget for 2020-21. As such, recommendations to add growth items, amend or remove proposed savings, or otherwise change the budget proposals, will require County Council to identify offsetting saving proposals or equivalent reductions in planned expenditure.
- 4.4. The Executive Director of Finance and Commercial Services is required to comment on the robustness of budget proposals, and the estimates upon which the budget is based, as part of the annual budget-setting process. This assessment is set out in the Robustness of Estimates report ([Appendix 4](#)).
- 4.5. The overall net budget proposed for 2020-21 is £430.421m. The provisional Local Government Finance Settlement for 2020-21 was published 20 December 2019 but remains to be confirmed and therefore amendments may be required to reflect any changes, although these are considered unlikely.

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Appendix 1: Norfolk County Council Revenue Budget 2020-21

- 4.6. Table 2 below summarises the overall proposed final budget for 2020-21, including the cash limited budgets by service. Details of the proposed changes for each service are shown in [section 9](#). The structure of the budget is based on the current Service Departments within the organisational framework.
- 4.7. The net budget reflects the council tax requirement only, that is, the amount to be funded by council taxpayers. All income from the Business Rates Retention Scheme is accounted for as council income. The net budget also includes current information received from the District Councils on their respective council tax base, Collection Funds and expected Business Rates.
- 4.8. At the time of updating this report in January 2020, estimates of business rates collection are not fully known and therefore may change. In addition, the Local Government Finance Settlement is also not finalised and so the proposed 2020-21 Budget may need to be altered to reflect any changes to government funding amounts for 2020-21 following the final Settlement publication, expected to be announced in February 2020. However, final changes to the District Councils' collection funds and the final tax base position have been confirmed at the end of January and are reflected in the proposed 2020-21 Budget.
- 4.9. In relation to council tax, if the County Council agrees to increase council tax by 3.99% overall (1.99% in relation to general council tax and 2.00% for the Adult Social Care precept), this would generate £16.252m additional funding in 2020-21. Further details about council tax are included within [section 6](#) of this report.
- 4.10. Service and budget planning for 2020-21 has been based on a number of assumptions about changes in core government funding, which remain to be confirmed. The details of all such assumptions and the remaining key risks are set out in [section 5](#) of this report. The policy and position of the council's policy and position of reserves and balances is set out in [Appendix 3](#) and recommends a minimum level of general balances, reflecting budget risks and uncertainty around future government funding.
- 4.11. There is currently a forecast overspend on the 2019-20 budget of £1.921m (Period 9 as reported at February 2020), but it is anticipated that a balanced overall outturn position will be achieved at year-end as discussed in further detail in the Financial Monitoring report to Cabinet. The non-delivery of savings in 2019-20 has been considered as part of the 2020-21 budget process with mitigating actions in place as set out elsewhere in this report and in financial monitoring.
- 4.12. Cabinet recommended to County Council the 2020-21 Budget proposals. The proposed overall budget is shown in the table below and detailed in the remainder of this report.

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Table 2: Net 2020-21 Revenue Budget

Service Department	2019-20 Base Budget	Budget increases - cost pressures	Budget decreases - savings	2020-21 Recommended Budget before funding and cost neutral changes	Net funding changes	Net cost neutral changes	2020-21 Recommended Net Budget
	£m	£m	£m	£m	£m	£m	£m
Adult Social Services	247.606	34.648	-22.897	259.357	-3.739	0.123	255.740
Children's Services	211.667	28.052	-9.250	230.469	-13.879	-20.378	196.211
Community and Environmental Services	160.712	7.203	-5.013	162.902	-1.006	1.575	163.471
Strategy and Governance Department	8.657	-0.066	0.613	9.204	0.000	0.161	9.365
Finance and Commercial Services	26.395	0.903	-1.389	25.909	0.000	4.902	30.811
Finance General	-245.745	10.603	-2.308	-237.449	-1.346	13.617	-225.178
Total	409.293	81.343	-40.244	450.391	-19.970	0.000	430.421

Note: Tables throughout the budget reports are rounded to the nearest £0.001m and therefore may not sum exactly.

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Appendix 1: Norfolk County Council Revenue Budget 2020-21

4.13. Any new budget pressures, changes to planned savings, or removal of proposals will require alternative savings to be identified by the relevant Service Department in order to maintain a balanced budget position.

4.14. Note:

- Budget increases of £81.343m include £16.386m inflationary pressures, £7.995m legislative pressures, £23.755m of demand and demographic pressures and £33.207m of pressures arising from policy decisions (see detailed Service Budgets in [section 9](#)).
- Details of £40.244m savings are also shown within the relevant Service Department in [section 9](#). Of the budget savings, £2.464m relate to one-off savings in 2020-21, which will result in a pressure in subsequent years. These are detailed in Table 4 below. The budget also includes one-off use of reserves as detailed in the Reserves and Balances report ([Appendix 3](#)).
- The net funding increase of £19.970m includes £22.512m funding increases and £2.542m funding decreases as shown in Table 3.
- Further details of the £30.901m of cost neutral changes are provided in the detailed Service Budgets in [section 9](#).
- The change in the net revenue budget between 2019-20 and 2020-21 is £21.129m. The breakdown of this is set out in Table 5 below.

Table 3: Breakdown of net funding changes

	2020-21 £m
<i>Funding increases</i>	
New 2020 Social Care grant	-17.617
Additional 2019-20 social care funding	-0.002
Revised Public Health grant	-0.685
Brexit Grant funding (from Finance General)	-0.088
Fire Pension grant	-0.233
New Homes Bonus grant	-0.009
Business Rates Pilot	-3.879
Total funding increases	-22.512
<i>Funding decreases</i>	
Core funding and business rates retention	0.064
Levy account surplus	2.340
Extended Rights to Free Travel Grant	0.050
Brexit Grant Funding (to CES)	0.088
Total funding decreases	2.542
Net funding changes	-19.970

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Table 4: One-off savings

		2020-21	2021-22	2022-23	2023-24
Department	Saving	£m	£m	£m	£m
ASS009	Debt management (one-off) – reclaiming money owed by other organisations.	-0.500	0.500	0.000	0.000
PHE004	Use of Public Health reserves	-1.164	-0.500	1.664	0.000
FCS001	Making a one-off saving from our organisational change and redundancy budgets.	-0.500	0.500	0.000	0.000
FCS002	Recognising additional income forecast from our business rates pilot.	-0.300	0.300	0.000	0.000
	Total	-2.464	0.800	1.664	0.000

4.15. Note:

- These figures exclude funding increases (base adjustments), such as from the improved Better Care Fund and social care funding, and cost neutral changes. A summary is provided within Table 11 and details provided within Table 20.
- The 2020-21 Budget and Medium Term Financial Strategy (MTFS) also includes one-off use of resources such as the use of Public Health Reserves to deliver public health outcomes and which will result in future budget pressures. The implications of one-off funding are discussed in further detail in [section 5](#) of the MTFS.

Table 5: Change in Net Revenue Budget 2019-20 to 2020-21

	£m
Budgeted council tax 2019-20	409.293
<i>Increase due to:</i>	
Tax base change (increase 4,106 Band D equivalent)	5.593
General council tax increase (1.99%)	8.119
Adult Social Care precept (2.00%)	8.134
Forecast reduction in Collection Fund	-0.716
Budgeted council tax 2020-21	430.421

4.16. The table below sets out a summary of the savings proposals for 2020-21 to 2023-24. The council has identified a net £17.272m of **new** savings proposals in this budget round to help enable the council to set a balanced budget for 2020-21. Since reporting proposed savings for public consultation to Cabinet in October 2019, the following changes have been identified for inclusion in budget planning:

- Capitalisation of highways works to deliver £0.541m in 2020-21 (CES021).
- Delay £0.240m of proposed efficiencies in staffing and operations to progress the Adult Learning service towards its goal of being cost neutral to 2021-22 (CES001).
- Changes to the planned approach to delivering Public Health savings, removing the proposal to review staffing levels and an increased use of reserves over the period 2020-21 to 2021-22.

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- Some of the proposed Business Transformation savings have been removed or delayed following validation of the proposals, with £0.760m now planned to be delivered in 2020-21.
- Additional saving £2.000m from capitalisation of schools' equipment.

Table 6: Summary of recurring net budget savings by Department

	2020-21 Saving £m	2021-22 Saving £m	2022-23 Saving £m	2023-24 Saving £m	Total Saving £m
Adult Social Services	-22.897	-7.344	-0.235	0.000	-30.476
Children's Services	-9.250	-6.400	-2.000	0.000	-17.650
Community and Environmental Services	-5.013	-2.765	1.264	0.000	-6.514
Strategy and Governance Department	0.613	0.000	0.000	0.000	0.613
Finance and Commercial Services	-1.290	-0.650	0.000	0.000	-1.940
Finance General	-1.647	0.800	0.000	0.000	-0.847
Business Transformation	-0.760	-4.388	-1.412	-0.412	-6.972
Grand Total	-40.244	-20.747	-2.383	-0.412	-63.786

4.17. As in previous years, budget planning across the council has also included work to review in detail the deliverability of planned savings and to understand service pressures. Following this activity, the 2020-21 Budget sees further investment in council budgets through both the removal of previously planned savings and recognition of budget overspend pressures. The changes to previously agreed savings proposed in this report reflect a considerable effort to ensure that the 2020-21 Budget will be both robust and deliverable. Across the whole MTFS, the **net saving position above reflects the removal or delay of £5.974m of saving proposals brought forward from previous budget rounds.**

4.18. Details of the key elements of the Council's proposed revenue budget are set out here.

Income

4.19. The Council has four main funding streams:

- Business Rates Retention Scheme
- Council Tax
- Specific Grants
- Fees and Charges

4.20. The main issues to consider are:

1. Business Rates Retention Scheme

The provisional Local Government Funding Settlement was announced late in December 2019. This included details of the council's Settlement Funding Assessment (SFA) allocations for 2020-21, which include the authority's Revenue Support Grant (RSG) and business rates baseline funding level which were in line with the estimates made based on the information provided at the Spending

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Round 2019. The business rates baseline within SFA is updated annually in line with CPI (previously RPI up to 2017-18). Until recently, in order to ensure that local government spending was within the national departmental expenditure limits, after taking into account the business rates baseline funding, RSG has been used as a balancing figure and subsequently was reducing year on year in line with the Government's deficit reduction plan. Planned reductions in RSG gave rise to a "negative RSG adjustment" for some local authorities in 2019-20 (Norfolk was not affected), which the Government decided to address via forgone business rate receipts. Following the Spending Round 2019, it was assumed that RSG would be uplifted in line with CPI for 2020-21 and this has been confirmed in the provisional Settlement figures.

The tables below show the breakdown of the 2020-21 Settlement Funding Assessment compared to the 2019-20 allocations, and the component elements. The council has received this funding as part of the 75% Business Rates Pilot in 2019-20, but in 2020-21 SFA will revert to the normal 50% retention system. The pilot means that Norfolk councils' main funding for 2019-20 is being delivered via amended baseline funding levels incorporating RSG, Rural Services Delivery Grant (RSDG) and the original 2019-20 Baseline Funding level. 2019-20 figures have therefore been restated to provide appropriate comparatives where possible. In overall terms, the provisional Settlement shows an increase of £3.118m or 1.6% to core government funding compared to the 2019-20 actual amounts. It should be noted these figures remain subject to confirmation in the final Settlement in February 2020.

Table 7: Provisional Settlement Funding Assessment changes

	2019-20 Comparative ⁴	2020-21 Provisional	% Change (2019-20 actual to 2020-21 provisional)
	£m	£m	%
Upper-tier funding within Baseline Funding Level	144.775	147.134	1.6%
Fire and Rescue within Baseline Funding Level	7.758	7.884	1.6%
Total Baseline Funding Level	152.533	155.019	1.6%
Upper-tier funding within RSG	34.791	35.357	1.6%
Fire and Rescue within RSG	4.019	4.085	1.6%
Total Revenue Support Grant	38.810	39.442	1.6%
Total Settlement Funding Assessment	191.343	194.461	1.6%

⁴ Notional comparative figures; SFA in 2019-20 is actually all received via Business Rates Baseline due to operation of 75% Business Rates Pilot.

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Table 8: Breakdown of Provisional Settlement Funding Assessment

	2019-20 Comparative⁵	2020-21 Provisional	Change (2019- 20 actual to 2020-21 provisional)
	£m	£m	£m
Settlement Funding Assessment	191.343	194.461	3.118
<i>Notional breakdown:</i>			
Revenue Support Grant	38.810	39.442	0.632
Business Rates Baseline	152.533	155.019	2.485
<i>Via: Top-up</i>	<i>125.847</i>	<i>127.897</i>	<i>2.050</i>
<i>Retained Rates</i>	<i>26.687</i>	<i>27.122</i>	<i>0.435</i>

2. Council Tax

The level of council tax remains a matter for local councils and the four options open to the council are to:

- Decrease council tax;
- Freeze council tax;
- Increase council tax below the council tax referenda limits; or
- Increase council tax above the council tax referenda limits and undertake a council tax referendum within Norfolk.

These budget papers have been prepared on the basis of a 1.99% increase in general (basic) council tax and a 2.00% increase in the Adult Social Care precept. The council has previously opted to raise the full 8% adult social care precept available over the period 2016-17 to 2018-19. The Government's assumptions within the settlement about local authorities' abilities to raise council tax mean that any decision to raise council tax by less than the Government's inflation assumptions, will result in underfunding of the council compared to Government expectations.

3. Other Income

A table on total Government grant funding is shown below. Agreement with health partners has previously been reached on the use of Improved Better Care Fund monies for 2017-18 to 2019-20 and these plans are reflected in the Budget. Further details are provided in the Medium Term Financial Strategy ([Appendix 2](#)).

⁵ Notional comparative figures; SFA in 2019-20 is actually all received via Business Rates Baseline due to operation of 75% Business Rates Pilot.

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Table 9: List of key grants and funding

	2019-20	2020-21	2021-22	2022-23	2023-24
	Budget ⁶	Estimated	Estimated	Estimated	Estimated
	£m	£m	£m	£m	£m
Un-ring-fenced					
Business Rates Baseline (50% scheme)	139.870	138.514	138.514	138.514	138.514
Revenue Support Grant	38.810	39.442	39.442	39.442	39.442
Rural Services Delivery Grant	3.981	3.981	3.981	3.981	3.981
New Social Care Grant	0.000	24.755	24.755	24.755	24.755
Social Care and Winter Pressures Funding ⁷	11.317	0.000	0.000	0.000	0.000
Levy Surplus	2.340	TBC	TBC	TBC	TBC
Section 31 Grant (compensation for Government business rate initiatives)	17.634	16.505	16.505	16.505	16.505
New Homes Bonus	2.926	2.934	2.934	2.934	2.934
School Improvement Monitoring and Brokering Grant	0.635	0.635	0.635	0.635	0.635
Fire Pension Grant	1.629	1.629	1.629	1.629	1.629
Fire Revenue	1.041	1.047	1.047	1.047	1.047
Inshore Fisheries	0.152	0.152	0.152	0.152	0.152
Local reform and community voices	0.588	0.588	0.588	0.588	0.588
Extended rights to free travel (Local Services Support Grant)	0.865	0.865	0.865	0.865	0.865
PFI Revenue Grant (street lights, salt barns (until 2020) and schools)	8.046	7.905	7.905	7.905	7.905
Social Care in Prisons	0.349	0.349	0.349	0.349	0.349
Independent Living Fund Grant	1.379	1.379	1.379	1.379	1.379
Lead Local Flood Authority Grant	0.087	0.087	0.087	0.087	0.087
Improved Better Care Fund	34.275	38.454	38.454	38.454	38.454
War Pensions Scheme Disregard	0.265	0.265	0.265	0.265	0.265
Ring-fenced					
Public Health	38.031	38.716	38.716	38.716	38.716
Dedicated Schools Grant ⁸	609.519	646.495	646.495	646.495	646.495
Pupil Premium Grant	32.441	32.441	32.441	32.441	32.441
Locally collected tax (forecasts)					
Council tax (assuming increase 2.99% 2019-20, 3.99% 2020-21 (including ASC precept) and 1.99% 2021-24)	409.293	430.421	443.430	457.920	473.446
Pooled funding					
NHS Funding (incl. Better Care Fund)	59.336	60.929	60.929	60.929	60.929

⁶ 2019-20 comparatives restated for 50% Business Rates System.

⁷ Provided as £7.139m within new social care grant and £4.179m iBCF in 2020-21.

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Expenditure – underlying trends

- 4.21. The aim of the budget planning process is to deliver a robust budget that supports the council's priority areas but is affordable within the available levels of funding. The major areas of cost affecting Norfolk County Council that have been incorporated into the 2020-21 budget plans are:

1. Price inflation

Significant elements of the council's services continue to be delivered externally to the County Council – through partners, private sector contracts, and via the council's own company (Norse) – meaning that contractual arrangements are a key driver of the Council's cost pressures. A significant proportion of the council's spend is via third party contracts and the effective management of these contracts to ensure both value for money and proper standards of service, is critical.

2. Demographics

Demand for services continues to rise, both through the age profile of the county and through changes to need. Preventative strategies are in place, but are not always sufficient to stem the growth in levels of demand. In areas such as supporting vulnerable children, there are various initiatives in place aimed at reducing the number of children looked after and changing the placement mix, which are profiled to impact in phases throughout 2019-20. However, current commitments show that despite fewer children being looked after, the complexity of need and thus cost of support in care or to remain with their family have resulted in higher costs than were anticipated when the 2019-20 Budget was set, which will have a knock-on effect on the pressures to be provided for in 2020-21.

3. Pay award and the National Living Wage

The costs of the National Living Wage increase in 2020-21 for both the council's directly employed staff and contracted services, along with the impact of the assumed 2% pay award for 2020-21 (this remains subject to confirmation).

4. Increased costs of borrowing

Increased costs are anticipated from 2020-21 in line with borrowing undertaken in 2019-20 and expectations around interest rate growth, inflation and the potential need to borrow for cash flow or capital purposes. The Public Works Loan Board has increased its basic rate for new borrowing by 1% in early October 2019 and this will have an impact on future borrowing costs. The council continues to seek to minimise borrowing costs, including by accessing lower rates for infrastructure investment where possible.

- 4.22. In addition, the Capital Programme will be funded from external capital grants, prudential borrowing, revenue budgets and/or reserves. The majority of new schemes are funded from capital grants received from central government departments. The largest capital grants are from the Department for Transport and the Department for Education, and this is reflected in the balance of the programme. Capital receipts can only be used to fund capital expenditure (which in turn reduces the future revenue impact of borrowing), to repay debt, or (as a result of additional flexibilities from the 2015 Spending Review) to support the revenue costs of reform projects (invest to save and transformation). As set out in the Capital Programme report elsewhere on the agenda, the council may consider using capital receipts to support transformation

⁸ DSG is before Academy recoupment.

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activity where there are sufficient unallocated capital receipts available to make use of the freedoms provided by the 2015 Spending Review. The Revenue Budget for 2020-21 proposes the removal of previously planned use of £5.000m of capital receipts in 2020-21 and £10.000m in 2021-22 for transformation activity and/or debt repayments in order to ensure that the overall MTFS is robust and deliverable.

- 4.23. Subject to the timing of borrowing and the application of the Minimum Revenue Provision (MRP) policy, the future annual revenue cost of prudential borrowing can be significant (as much as 10% of the amount borrowed). The amount and timing of these costs is reflected in the revenue budgets where appropriate and in particular assumes additional borrowing for future years. Separate reports set out the detail of the Treasury Management Strategy and the Capital Strategy including the 2020-23+ programme and funding plans.
- 4.24. Financial planning assumptions for future years take account of the latest monitoring position for 2019-20. Further details of the financial planning context are set out in the Medium Term Financial Strategy 2020-24.
- 4.25. The Statement on the Robustness of Estimates 2020-24 ([Appendix 4](#)) sets out the Executive Director of Finance and Commercial Services' (Section 151 Officer) view on the robustness of the estimates made for the purposes of the calculation of the precept and therefore in agreeing the County Council's budget. The factors and budget assumptions used in developing the 2020-24 budget estimates are set out as part of that judgement. The level of reserves has been analysed in terms of risk and is reported as part of these budget papers. The recommended level of general balances is £19.623m for 2020-21 and the Medium Term Financial Strategy 2020-24 assumes that general balances will remain at or above this level.

Expenditure and savings – proposals

- 4.26. Table 11 to Table 14 set out in detail the proposed cash limited budget for all Service Departments for 2020-21, and the medium term financial plans for 2021-22 to 2023-24. These are based on the identified pressures and proposed budget savings shown in the table below. Cost neutral adjustments are also reflected within the Service Department budgets.
- 4.27. As previously set out, significant uncertainty remains around the following areas:
- District business rate forecasts are not finalised, these remain subject to change until final forecasts are received.
 - The provisional Local Government Finance Settlement was published on 20 December but the final settlement is not expected to be confirmed until February 2020.
- 4.28. Any changes arising following Cabinet recommendations, have been reported to Full Council and are reflected in these updated reports. Any future changes as a result of these remaining uncertainties will be reported as part of the usual monitoring process during 2020-21 as appropriate.
- 4.29. The table below provides a summary of the changes in budget planning from the February 2019 MTFS to the current position across the four years of the 2020-24 MTFS.

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Table 10: Budget planning position 2020-21 to 2023-24 – changes from the 2019 MTFS position

Item	2020-21	2021-22	2022-23	2023-24	Total
	£m	£m	£m	£m	£m
<u>Medium Term Financial Strategy 2019-22</u>					
<u>Cost pressures and funding decreases</u>					
Economic and inflationary pressures	15.755	15.985	0.000	0.000	31.740
Legislative requirements	7.926	2.061	0.000	0.000	9.987
Demand and demographic pressures	10.405	10.880	0.000	0.000	21.285
Council policy decisions	7.282	21.895	0.000	0.000	29.178
Funding decreases	40.936	16.866	0.000	0.000	57.802
Total cost pressures and funding decreases	82.304	67.688	0.000	0.000	149.992
<u>Council tax</u>					
Collection Fund	3.931	0.000	0.000	0.000	3.931
Council tax increase %	-8.146	-8.457	0.000	0.000	-16.603
Tax base increase	-7.243	-7.519	0.000	0.000	-14.762
Total change in council tax income	-11.457	-15.977	0.000	0.000	-27.434
<u>Savings and funding increases</u>					
Adult Social Services	-17.257	-5.700	0.000	0.000	-22.957
Children's Services	-3.484	-2.000	0.000	0.000	-5.484
Community and Environmental Services	-3.707	-3.390	0.000	0.000	-7.097
Strategy and Governance	0.963	0.000	0.000	0.000	0.963
Finance and Commercial Services	-1.750	-0.650	0.000	0.000	-2.400
Finance General	-5.847	-5.000	0.000	0.000	-10.847
Sub-total savings	-31.082	-16.740	0.000	0.000	-47.822
Funding increases	-3.879	0.000	0.000	0.000	-3.879
Total savings and funding increases	-34.961	-16.740	0.000	0.000	-51.701
Original gap at MTFS 2019-20 to 2021-22 (surplus)/deficit as agreed by Full Council in February 2019	35.886	34.971	0.000	0.000	70.857
<u>Cost pressures and funding decreases</u>					
<i>Economic and inflationary pressures for all services</i>	0.631	3.772	20.338	20.338	45.079
<u>Legislative requirements</u>					
Adults - Pay and price market pressures (Purchase of Care costs linked to National Living Wage)	0.000	6.340	6.274	6.046	18.660
CES - A&B Class roads signage review	0.000	0.500	-0.500	0.000	0.000
CES - Tree investigation pressures	0.150	0.000	0.000	0.000	0.150
CES - Increase in Fire pension pressure 2020-21	0.080	0.000	0.000	0.000	0.080

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Item	2020-21	2021-22	2022-23	2023-24	Total
	£m	£m	£m	£m	£m
CES - Blue Badges - hidden illness implementation pressure	0.120	0.000	0.000	0.000	0.120
CES - Revised Public Health expenditure for additional grant funding	0.685	0.000	0.000	0.000	0.685
CES - Brexit pressures (resilience)	0.088	-0.088	0.000	0.000	0.000
CES - Trading Standards - additional trading standards requirements following Brexit	0.090	0.000	0.000	-0.090	0.000
Finance General – Local Government Pension Scheme (LGPS) revaluation pressures (NCC)	2.550	-1.000	1.016	2.000	4.566
Finance General - LGPS reduction in pressures at revaluation (Other bodies)	-3.729	0.000	0.000	0.000	-3.729
Finance General - Apprenticeship Levy increase (forecast payroll growth)	0.036	0.000	0.000	0.000	0.036
Finance General - Environment Agency Levy increase	0.000	0.000	0.050	0.050	0.100
Finance General – Eastern Inshore Fisheries and Conservation Authority (EIFCA) Precept increase	0.000	0.000	0.011	0.011	0.022
Finance General - Extended Rights to Free Travel Grant pressure	0.000	0.000	0.050	0.050	0.100
<i>Demand and demographic pressures</i>					
2022-23 onwards core demographic pressures for all services	0.000	0.000	10.880	11.480	22.360
Children's Services – Demographic growth and provision for 2019-20 placement and child and family support overspend pressures	10.750	0.000	0.000	0.000	10.750
Children's Services – Home to school transport provision for 2019-20 overspend pressures and future growth in pupil numbers	4.500	0.500	0.500	0.500	6.000
CES - Recognition of reduced waste pressures due to lower than expected tonnage	-1.500	0.000	0.000	0.000	-1.500
CES - Highways maintenance demand pressures	0.300	0.100	0.000	0.000	0.400
CES - Highways new developments and infrastructure pressures	0.150	0.000	0.000	0.000	0.150
CES - Lead Local Flood Authority flood improvement schemes	0.150	0.000	0.000	0.000	0.150
<i>Council policy decisions</i>					
Adults - Recurrent pressures arising from 2019-20 service delivery	9.221	5.472	0.000	0.000	14.693
Adults - One off use of Adults reserves to address recurrent pressures	-1.221	1.221	0.000	0.000	0.000
Adults - Provision for pressures linked to Children's new operating model	0.320	0.000	0.000	0.000	0.320
Adults - Remove previously planned use of Adults Business Risk reserve	4.000	-4.000	0.000	0.000	0.000
Children's Services - Revise vacancy assumptions from 92.5% to 98.5% to address structural budget gap	3.800	0.000	0.000	0.000	3.800

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Item	2020-21	2021-22	2022-23	2023-24	Total
	£m	£m	£m	£m	£m
Children's Services - Recruitment and retention investment offset by reduction in agency costs	0.300	-0.340	-0.880	-0.200	-1.120
Children's Services - Funding for investment in new operating model	2.950	-0.820	-0.700	0.000	1.430
Children's Services - Remove General Fund contribution to High Needs Block deficit / provide £2m for SEND transformation improvements	-1.000	0.000	0.000	0.000	-1.000
CES - Waste cost pressures in 2021-22 from contract reprocurement (costs subject to Brexit / exchange rate / capacity)	0.000	2.400	0.000	0.000	2.400
CES - Fire service cost pressures following Integrated Risk Management Plan (IRMP) review	0.887	0.000	0.000	0.000	0.887
CES - Council revenue costs linked to DfT Transforming Cities funding	0.200	0.000	0.000	0.000	0.200
CES - Economic Development provision for feasibility studies and projects	0.100	0.000	0.000	0.000	0.100
CES - Customer Services additional costs in relation to the Community Directory	0.058	0.000	0.000	0.000	0.058
CES - Revenue pressures arising from Environmental Policy agreed at Council November 2019	0.175	0.175	0.000	0.000	0.350
CES - Growth pressures on revenue element of Library Service material fund budget	0.040	0.000	0.000	0.000	0.040
Strategy and Governance - Transfer of Coroners Officer administrative staff from police	0.000	0.048	0.051	0.105	0.204
Strategy and Governance - Budget for Leader's Office Business Manager post established in 2019-20	0.052	0.000	0.000	0.000	0.052
Strategy and Governance - Critical capability uplift to ensure Intelligence and Analytics support across all services	0.500	0.000	0.000	0.000	0.500
Finance and Commercial Services - HR and Finance System replacement revenue costs	0.000	0.412	-0.360	-0.052	0.000
Finance and Commercial Services - Transfer to renewable energy sources agreed by Corporate Board June 2019	0.015	0.000	0.000	0.000	0.015
Finance and Commercial Services - Procurement resources to strengthen the sourcing team, and provide contract transition function	0.160	0.000	0.000	0.000	0.160
Finance and Commercial Services - Revised staffing structure to increase resilience in Budgeting and Accounting to support Adults and Children's	0.080	0.000	0.000	0.000	0.080
Finance General - Establish pool car revenue budget	0.060	0.000	0.000	0.000	0.060
Finance General - reduce previously planned use of capital receipts	5.000	5.000	0.000	0.000	10.000
Finance General - Minimum Revenue Provision pressures (unwinding of previous savings)	3.000	3.000	3.000	3.000	12.000

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Item	2020-21	2021-22	2022-23	2023-24	Total
	£m	£m	£m	£m	£m
Finance General - Treasury Management cost pressures including debt restructuring and end of principal repayment from Learning Skills Council	1.228	0.216	1.642	2.902	5.988
<u>Savings and funding increases</u>					
<i>Changes to savings brought forward from 2019-20 MTFS</i>					
Adults - Removal of "Social Prescribing" saving ASC050 following pilot	0.600	0.600	0.000	0.000	1.200
Adults - Removal of undeliverable element of "Maximising potential through digital solutions" saving ASC036	1.000	0.000	0.000	0.000	1.000
Adults - Add Social Services charging policy phase 2 savings (ASC046) agreed in 2019-20 budget round for 2022-23 onwards	0.000	0.000	-0.235	0.000	-0.235
CES - Technical adjustment to remove Public Health savings from 2019 MTFS and replace with detailed 2020 MTFS proposals	1.500	1.500	0.000	0.000	3.000
CES - Removal of "Providing a joined-up Library and Children's Service" saving CMM042	0.500	0.000	0.000	0.000	0.500
CES - Delay "Income generation – Norfolk Museums Service" CMM043 to reflect timing of Castle development activity	0.400	0.000	-0.400	0.000	0.000
Strategy and Governance - Removal of NPLaw income target P&R083	0.150	0.000	0.000	0.000	0.150
Finance and Commercial Services - Removal of "Finance Exchequer Services savings" P&R090 delivered through one-off measures	0.460	0.000	0.000	0.000	0.460
<i>Net new saving proposals 2020-21 Budget Round</i>					
Adult Social Services - new 2020-21 saving proposals	-7.240	-2.244	0.000	0.000	-9.484
Children's Services - new 2020-21 saving proposals	-5.766	-4.400	-2.000	0.000	-12.166
Community and Environmental Services - new 2020-21 saving proposals	-2.206	-0.375	0.000	0.000	-2.581
CES - Public Health - new 2020-21 saving proposals	-1.500	-0.500	1.664	0.000	-0.336
Strategy and Governance - new 2020-21 saving proposals	-0.500	0.000	0.000	0.000	-0.500
Finance and Commercial Services and Finance General - new 2020-21 saving proposals	-0.800	0.800	0.000	0.000	0.000
Business Transformation - new 2020-21 saving proposals	-0.760	-4.388	-1.412	-0.412	-6.972
<i>Changes to funding assumptions from 2019-20 MTFS</i>					
2019-20 Social Care Funding maintained (assumed ongoing)	-7.139	0.000	0.000	0.000	-7.139

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Item	2020-21	2021-22	2022-23	2023-24	Total
	£m	£m	£m	£m	£m
2019-20 Winter Pressures Funding rolled into improved Better Care Fund (iBCF) (assumed ongoing)	-4.179	0.000	0.000	0.000	-4.179
2019-20 iBCF funding maintained	-5.903	0.000	0.000	0.000	-5.903
Rural Services Delivery Grant maintained (assumed ongoing)	-3.981	0.000	0.000	0.000	-3.981
Settlement Funding Assessment changes (Revenue Support Grant to receive 1.6% uplift in 2020-21 and changes to Business Rates Baseline assumptions - assumed ongoing)	-11.172	-12.937	0.000	0.000	-24.109
Additional Business Rates from Districts' October 2019 forecasts above baseline	-1.700	0.000	0.000	0.000	-1.700
2019-20 Fire Pension Grant maintained for 2020-21 (assumed ongoing)	-1.629	0.000	0.000	0.000	-1.629
Additional Public Health Grant allocation	-0.685	0.000	0.000	0.000	-0.685
New Social Care Grant announced at Spending Round 2019 (assumed ongoing)	-17.617	0.000	0.000	0.000	-17.617
New Homes Bonus Grant maintained (new bonus payable for 4 years instead of 6 - assumed ongoing)	-2.934	0.000	0.000	0.000	-2.934
2019-20 Brexit Grant funding maintained for 2020-21	-0.088	0.088	0.000	0.000	0.000
Changes in council tax assumptions					
Council tax % increase (assumes 1.99% in all years for planning purposes)	-0.006	-0.311	-8.884	-9.187	-18.388
Council tax collection fund (assumes collection fund unwinds)	-3.215	3.215	1.000	0.500	1.500
Council tax base (1.39% growth 2020-21, 1.8% 2021-22, 1.5% thereafter)	1.682	0.064	-6.606	-6.839	-11.699
Council tax 2% ASC precept 2020-21 (Spending Round 2019)	-8.134	0.000	0.000	0.000	-8.134
Proposed 2020-21 Revenue Budget and forecast MTFS gap (surplus)/deficit	0.000	38.992	24.500	30.203	93.694

4.30. Reflecting these proposed adjustments, the resulting budgets for the period of the MTFS are shown below.

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Table 11: Summary Net Budget Changes 2020-21

	Adult Social Services	Children's Services	Community and Environmental Services	Strategy and Governance	Finance and Commercial Services	Finance General	Norfolk County Council
	£m	£m	£m	£m	£m	£m	£m
Base Budget 2019-20	247.606	211.667	160.712	8.657	26.395	-245.745	409.293
Growth							
Economic and inflationary	7.622	3.734	3.656	0.302	0.648	0.424	16.386
Legislative requirements	5.935	0.017	1.213	0.000	0.000	0.831	7.995
Demand and demographic	5.550	17.250	0.875	0.080	0.000	0.000	23.755
Policy decisions	15.541	7.050	1.460	-0.448	0.255	9.349	33.207
Funding reductions	0.000	0.000	0.000	0.000	0.000	2.542	2.542
Cost neutral increases	2.711	0.002	4.593	0.454	5.555	17.585	30.901
Total budget increase	37.359	28.054	11.796	0.388	6.458	30.730	114.785
Reductions							
Total savings	-22.897	-9.250	-5.013	0.613	-1.389	-2.308	-40.244
Funding increases	-3.739	-13.879	-1.006	0.000	0.000	-3.888	-22.512
Cost neutral decreases	-2.588	-20.381	-3.019	-0.293	-0.653	-3.967	-30.901
Total budget decrease	-29.224	-43.510	-9.037	0.320	-2.042	-10.163	-93.656
Base Budget 2020-21	255.740	196.211	163.471	9.365	30.811	-225.178	430.421

Funded by: Council tax	-424.206
Collection Fund surplus	-6.215
	-430.421
2020-21 Budget Gap	0.000

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Appendix 1: Norfolk County Council Revenue Budget 2020-21

Table 12: Summary Net Budget Changes 2021-22

	Adult Social Services	Children's Services	Community and Environmental Services	Strategy and Governance	Finance and Commercial Services	Finance General	Norfolk County Council
	£m	£m	£m	£m	£m	£m	£m
Base Budget 2020-21	255.740	196.211	163.471	9.365	30.811	-225.178	430.421
Growth							
Economic and inflationary	8.574	4.983	4.152	0.512	0.894	0.642	19.758
Legislative requirements	6.340	0.000	0.412	0.000	0.000	1.061	7.813
Demand and demographic	6.100	3.500	1.800	0.080	0.000	0.000	11.480
Policy decisions	6.693	-1.160	2.575	0.048	0.412	21.111	29.680
Funding reductions	0.000	0.000	0.088	0.000	0.000	3.929	4.017
Cost neutral increases	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total budget increase	27.707	7.323	9.027	0.640	1.307	26.744	72.748
Reductions							
Total savings	-7.344	-6.400	-2.765	0.000	-0.650	-3.588	-20.747
Funding increases	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cost neutral decreases	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total budget decrease	-7.344	-6.400	-2.765	0.000	-0.650	-3.588	-20.747
Base Budget 2021-22	276.103	197.134	169.733	10.005	31.468	-202.022	482.422

Funded by: Council tax	-440.430
Collection Fund surplus	-3.000
	-443.430
2020-21 Budget Gap	0.000
2021-22 Budget Gap	38.992

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Appendix 1: Norfolk County Council Revenue Budget 2020-21

Table 13: Summary Net Budget Changes 2022-23

	Adult Social Services	Children's Services	Community and Environmental Services	Strategy and Governance	Finance and Commercial Services	Finance General	Norfolk County Council
	£m	£m	£m	£m	£m	£m	£m
Base Budget 2021-22	276.103	197.134	169.733	10.005	31.468	-202.022	482.422
Growth							
Economic and inflationary	8.701	5.079	4.399	0.530	0.923	0.706	20.338
Legislative requirements	6.274	0.000	-0.500	0.000	0.000	1.077	6.851
Demand and demographic	6.100	3.500	1.700	0.080	0.000	0.000	11.380
Policy decisions	0.000	-1.580	0.000	0.051	-0.360	4.643	2.754
Funding reductions	0.000	0.000	0.000	0.000	0.000	0.050	0.050
Cost neutral increases	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total budget increase	21.075	6.999	5.599	0.661	0.563	6.476	41.373
Reductions							
Total savings	-0.235	-2.000	1.264	0.000	0.000	-1.412	-2.383
Funding increases	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cost neutral decreases	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total budget decrease	-0.235	-2.000	1.264	0.000	0.000	-1.412	-2.383
Base Budget 2022-23	296.943	202.133	176.597	10.667	32.031	-196.958	521.412

Funded by: Council tax	-455.920
Collection Fund surplus	-2.000
	-457.920
2020-21 Budget Gap	0.000
2021-22 Budget Gap	38.992
2022-23 Budget Gap	24.500

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Appendix 1: Norfolk County Council Revenue Budget 2020-21

Table 14: Summary Net Budget Changes 2023-24

	Adult Social Services	Children's Services	Community and Environmental Services	Strategy and Governance	Finance and Commercial Services	Finance General	Norfolk County Council
	£m	£m	£m	£m	£m	£m	£m
Base Budget 2022-23	296.943	202.133	176.597	10.667	32.031	-196.958	521.412
Growth							
Economic and inflationary	8.701	5.079	4.399	0.530	0.923	0.706	20.338
Legislative requirements	6.046	0.000	-0.090	0.000	0.000	2.061	8.017
Demand and demographic	6.700	3.500	1.700	0.080	0.000	0.000	11.980
Policy decisions	0.000	-0.200	0.000	0.105	-0.052	5.902	5.755
Funding reductions	0.000	0.000	0.000	0.000	0.000	0.050	0.050
Cost neutral increases	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total budget increase	21.447	8.379	6.009	0.715	0.871	8.719	46.140
Reductions							
Total savings	0.000	0.000	0.000	0.000	0.000	-0.412	-0.412
Funding increases	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cost neutral decreases	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total budget decrease	0.000	0.000	0.000	0.000	0.000	-0.412	-0.412
Base Budget 2023-24	318.390	210.511	182.606	11.382	32.901	-188.650	567.140

Funded by: Council tax	-471.946
Collection Fund surplus	-1.500
	-473.446
2020-21 Budget Gap	0.000
2021-22 Budget Gap	38.992
2022-23 Budget Gap	24.500
2023-24 Budget Gap	30.203

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Appendix 1: Norfolk County Council Revenue Budget 2020-21

5. Key risks and assumptions for the 2020-21 Budget

- 5.1. In setting the annual budget, Section 25 of the Local Government Finance Act 2003 requires the Executive Director of Finance and Commercial Services (Section 151 Officer, S151) to report to members on the robustness of budget estimates and the adequacy of proposed financial reserves. This informs the development of a robust and deliverable budget for 2020-21.
- 5.2. The Executive Director of Finance and Commercial Services' judgement on the robustness of the 2020-21 Budget is set out in [Appendix 4](#), and will be substantially based upon the following considerations:

Changes in Budget planning

- Significant service pressures, totalling £70m, which have been identified for 2020-21 and been incorporated into the Budget in January after being reviewed and validated;
- Work to review and validate the deliverability of the significant planned saving programmes has been undertaken so that changes can be reflected in final budget setting. As a result, it is considered that the MTFS agreed in February 2019 included a small number of saving proposals now judged to be at risk of either non-delivery or delay. These savings totalling £3.110m have been removed or delayed as appropriate from 2020-21 (£5.974m over the full MTFS period).
- Following review of budget plans, it is now proposed that the level of saving to be released within Public Health Grant in 2021-22 in order to provide support for other areas of Public Health related expenditure in existing service budgets is reduced by £1.000m to £0.500m, and this has been reflected in the proposed budget. This results in Public Health delivering total additional savings of £2.000m over the next two years rather than the originally planned £3.000m. It should be noted that Public Health savings currently assume the use of Public Health reserves in 2020-21 and 2021-22. The means of delivering the balance of the saving (£1.664m) on an ongoing basis from 2022-23 remains to be identified. The precise level of reserve use will be dependent on the level of activity and costs incurred within the Public Health Grant budgets in 2020-21.
- Forecast pension costs for both the County Council and associated companies have been revised following the 2019 valuation of the Local Government Pension Scheme (LGPS).
- Options to reduce the level of reliance on capital receipts across the life of the MTFS have been identified and reflected in planning.
- The proposed budget also reduces the planned use of the Adults Business Risk Reserve, which would have given rise to a pressure in 2021-22.
- Budget planning reflects final changes to inflation forecasts for 2020-21, however it should be noted that inflation figures are estimates only for future years and these will continue to change.

Risks

- The S151 Officer has considered the **adequacy of the overall general fund balance**, as well as the need for providing a general contingency amount within the revenue budget. This assessment is informed by the increasing level of the council's net budget, uncertainty about business rates income, Government funding and the implications of Brexit, and the council's overall value for money position. In broad terms, the general fund balance provides for around 17 days of the council's net budget activity. The pressures within the proposed revenue budget are such that there is not currently an opportunity to immediately address

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Appendix 1: Norfolk County Council Revenue Budget 2020-21

these issues, and it is not considered appropriate at this point that further budget reductions should be made to accommodate an increase in reserves. However, having regard to the reserves and balances risk assessment, the S151 Officer recommends a principle of seeking to increase general fund balances and that any additional resources which become available during 2020-21 from (but not limited to) the following sources, should be added to the general fund balance wherever possible:

- in year revenue underspends as reported through the monthly revenue monitor to Cabinet;
- one off revenue funds which become available such as one off unbudgeted income;
- any other resources which become available on an unforeseen or unbudgeted basis.
- The latest information about the 2019-20 budget monitoring position is set out in Financial Monitoring reports to Cabinet. A number of the issues identified in the 2019-20 position are provided for in the pressures included in the 2020-21 Budget, however the underlying assumption for budget setting is that the 2019-20 Budget is delivered (that all savings are achieved as planned and there are no significant unfunded overspends).
- The 2020-21 Budget provides for **salary inflation** of 2% for council employed staff, however the pay award for the year has not yet been agreed, and unions have submitted a claim for 10%. In broad terms every 1% pay increase represents an additional £2.5m pressure to the council.
- Pay inflation from 2021-22 onwards is assumed and included in budget planning at 3% per year, broadly reflecting national pressures and expected increases to the level of the minimum wage / national living wage, however increases may also have further implications for some of the lower points on the council's current salary scales and this will need to be refined as pay negotiations progress.
- There is a risk that the **Adults Business Risk Reserve** may be required to fund new pressures in 2020-21 linked to the non-delivery of savings and / or deprivation of liberty safeguards (DOLS) in the event that they arise during the year. Where these reflect ongoing costs, they will potentially give rise to further significant budget pressures from 2021-22 onwards. The level of pressure linked to DOLS is estimated to be £2m for a full year, however the timing of any pressures and whether these would attract funding from Government is currently unclear.
- The council has not submitted a disapplication request in respect of the **High Needs Block** (HNB) of the Dedicated Schools Grant (DSG) for 2020-21, following a decision by Schools' Forum on 22 November 2019 to transfer 0.5% from the Schools Block (SB) to the HNB. However, there is no easy solution to these funding challenges, and the system overall lacks sufficient funding to meet the needs of all pupils, given the increasing complexity of needs for significant numbers. Future uncertainty in relation to all DSG funding makes it extremely difficult for both schools and the council to plan ahead and to understand the implications of any decisions made. Nevertheless, the council recognises that the needs of current students must be considered alongside the offer for the future, and it is critical that mainstream schools have the funding locally to invest in creative solutions to achieve increased inclusivity. Removing funding from the mainstream schools (SB) risks escalation of need that cannot be met at a lower level, driving more pupils into higher needs provision that is significantly more expensive. The overall situation will need to be reviewed ahead of 2021-22 in terms of the education funding landscape following the general election and the DfE expectations regarding cumulative DSG deficits. Additionally, consideration will need to be given to the demand on the HNB, the level of overspend on the HNB (cumulative and in-year), and progress with the DSG recovery plan. The

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HNB forecast position is based on achieving a substantial level of savings in 2020-21 and the extent to which these are achieved will have a significant impact on the overall DSG deficit position as illustrated in the table below.

Table 15: High Needs Block deficit sensitivity to savings delivery⁹

	Savings Achieved	In-year deficit	Cumulative deficit
	£m	£m	£m
2020-21 Savings target delivered	7.411	-0.443	-18.830
2020-21 Savings target undelivered	0.000	-7.854	-26.241

If during 2020-21 there is no material additional funding from Government, or the system has not started to address the overspend, this may result in the Local Authority making the decision to submit a disapplication request for 2021-22. However, taking into account the above issues, **the council's budget planning for 2020-21 has removed the funding provided from council tax resources in 2019-20 to support the DSG deficit position** on the basis that the Government has proposed a specific accounting treatment for DSG deficits¹⁰, which diverges from normal accounting practice and allows councils to carry a negative balance on these reserves. This treatment is being dictated by Government but will need to be kept under review as it potentially remains a significant issue for Norfolk County Council and will result in a material deficit balance in the council's Statement of Accounts until the DSG recovery plan has been delivered. It should be noted that the final proposed budget includes £2.000m funding to support SEND transformation and improvement activity.

- A risk has been identified relating to the council's successful bid to the Department for Education (DfE) to be included in the national Strengthening Families and Protecting Children programme and, specifically, the **"No Wrong Door" (NWD) model**, which combines residential care and foster care in specialist hubs. As a result of the bid, the council will fund the capital costs (if any) of establishing the hub buildings, while DfE will provide the majority of the revenue funding to operate two hubs for two years with a minimum amount of £4.6m. The council is required to fund an element of the revenue costs, estimated at £0.650m per hub per year (i.e. a total of £1.3m per year). However, the model is based on an assumption that the council will rapidly achieve savings greater than this so that no additional revenue burden will arise as the savings cover the costs. DfE revenue funding is deployed first and so provides the "pump-priming funding" and over time the proportion of DfE revenue cost input tapers until the point at which the council is fully funding the model on a sustainable basis. A risk therefore remains that a revenue pressure may arise in 2020-21 if the project does not deliver the anticipated level of savings as quickly as expected.
- The council has established two companies in response to the **insolvency of the Great Yarmouth Community Trust**¹¹ in order to maintain nursery provision in

⁹ Forecast based on 2019-20 period 8 assuming 0.5% Schools Block to High Needs Block transfer in 2020-21.

¹⁰ <https://consult.education.gov.uk/funding-policy-unit/revised-arrangements-for-the-dsg/>

¹¹ <https://www.norfolk.gov.uk/news/2019/12/nursery-jobs-and-childcare-places-offered-in-great-yarmouth>

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Great Yarmouth and to take on the running of Horatio House independent school. It is currently assumed that there will be no 2020-21 revenue budget pressure for the council associated with taking over the activities previously delivered by the Trust. This is because the costs of Horatio House will be met within the Dedicated Schools Grant, and nursery provision will be operated on a commercial basis.

- The 2020-21 Budget provides for significant **investment into Children's Services** to address a range of budget pressures. The level of growth assumed in future years is substantially lower and there is therefore a risk that this may prove to be insufficient in the event that further pressures were to be identified during the 2021-22 budget planning process. This would result in a larger gap emerging for the 2021-22 Budget than is currently assumed.
- A risk is emerging in relation to potential pressures within the council's waste budgets which relates to the potential implementation of import taxes on Refuse Derived Fuel (RDF) in the Netherlands from January 2020. In the event that these are implemented, and subject to contractors' decisions about export RDF material, there is a risk of a significant budget pressure arising in 2020-21. The Budget currently makes no provision for these potential additional costs due to the uncertainty around a number of variables which would have an impact on the overall level of the pressure.
- On 31 December 2019, the Government announced¹² National Living Wage increases which will come into effect from 1 April 2020. These reflect a 6.2% increase from £8.21 to £8.72 for workers aged over 25. This level of increase in the National Living Wage is allowed for in the council's own pay scales, but will have implications for some of our third party providers, particularly in respect of Adult Social Care as discussed in further detail in the Fee Levels for Adult Social Care Providers 2020-21 report elsewhere on the agenda. As such, the late announcement of this increase will have significant financial implications for the council as every penny increase in the National Living Wage represents a pressure of approximately £0.200m for Adult Social Care. The impact of this for 2020-21 needs to be considered in further detail and may represent a pressure for the 2020-21 Budget which has not currently been fully provided for.

Assumptions

- The Chancellor's Spending Round announcements, as confirmed in the provisional Settlement, are expected to provide significant additional resources in 2020-21 beyond the level assumed in the February 2019 MTFS. Further details are provided in [section 7](#) below. It is anticipated that this additional funding will enable a number of the pressures identified in the Budget to be mitigated to ensure a robust position can be established for 2020-21. However, as set out elsewhere in these papers, details of the final Local Government Finance Settlement remain to be confirmed.
- Assumptions have also been made that elements of funding will continue in 2021-22 and beyond. However, the short-term nature of the Spending Round announcement (for 2020-21 only) means that **risks remain around the provision of this funding in future years and therefore a material impact and potential cliff-edge may emerge in 2021-22 if these assumptions have to be subsequently reversed**. In particular, assumptions about the future funding changes to be delivered through the Comprehensive Spending Review and Fair Funding Review have been revised based on recent announcements including those made at the Spending Round 2019. Previously, the council's assumptions

places in each Norfolk community. Because the Trust was responsible for such a high proportion of nursery provision in Great Yarmouth, the council is stepping in on this occasion.

¹² <https://www.gov.uk/government/news/government-announces-pay-rise-for-28-million-people>

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about funding reductions were based on the Government's stated intention to end Revenue Support Grant, with an expectation that all Revenue Support Grant would therefore cease after 2019-20. This would have resulted in a "cliff edge" in 2020-21, which is not now expected to materialise. Such significant funding reductions would be out of line with recent experience and would not reflect the fact that Government has sought to provide additional levels of one-off funding for key areas such as social care. After considering recent announcements by Government, manifesto pledges for additional funding leading up to the December 2019 general election, and taking all funding sources in the round, the council's current budget planning is now based on an assumption that Revenue Support Grant, social care funding from 2019-20 and 2020-21, winter pressures funding and improved Better Care Fund allocations, Rural Services Delivery Grant, and New Homes Bonus will all be ongoing.

- **A 1.99% increase in general council tax in 2020-21 and 1.99% in subsequent years** based on the current amounts allowed by Government before a local referendum is required. The assumed council tax increases are subject to Full Council's decisions on the levels of council tax, which will be made before the start of each financial year.
- **An increase of 2.00% in the Adult Social Care precept** from the 2019-20 level, based on the new flexibility offered by Government. No increases in the Adult Social Care precept are assumed in 2021-22 and beyond as the Government has not yet announced what options will be available to local authorities.
- In future years there will be an opportunity to consider the required level of council tax and Adult Social Care precept in light of any future Government announcements relating to the Fair Funding Review and Comprehensive Spending Review. However, it is the view of the Executive Director of Finance and Commercial Services that the pressures within the current budget planning position are such 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 an annual increase in the level of council tax, the **budget assumes annual tax base increases of 1.8% in 2021-22 and 1.5% for subsequent years**. If these do not occur, the budget gap would be increased. Growth of 1.5% would be broadly in line with long term trends, however the actual tax base increase forecast for 2020-21 is 1.39%. Council tax forecasts from District Councils for tax base and collection fund have been finalised based on updated information provided at the end of January 2020.
- 2019-20 Budget and savings will be delivered in line with current forecasts and plans (no overall overspend).
- Use of additional Adult Social Care funding for 2019-20 and 2020-21 as agreed with partners and in line with conditions, and that market pressures can be absorbed within existing budgets.
- Transformational change and growth pressures forecast in Children's Services relating to vulnerable children and families, and home to school transport, can be delivered within the additional funding allocations.
- Assumptions have been made in relation to the allocation of the new 2020-21 Social Care grant between Children's Services and Adults. This apportionment reflects one year only and will need to be reviewed in 2021-22 in light of the pressures experienced across all social care activities. Indications are that this

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funding will be ongoing and the long term allocation therefore needs to be considered further.

- The High Needs Block overspend and brought forward DSG deficit position can be addressed by the Recovery Plan and treated in line with the accounting treatment proposed by Government and as such places no pressure on the local authority budget (as discussed in more detail in the risks section above).
- Pressures forecast within waste and highways budgets can be accommodated within the additional funding allocations.
- The assumed use of one-off funding including £1.221m of Adults reserves.
- That all the savings proposed and included for 2020-21 can be successfully achieved.
- The council is currently in the process of procuring a new HR and Finance System, following approval of the business case presented in May 2019¹³. The 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. At this point, the preferred supplier has not been identified and, as reported to Cabinet in May 2019, the plan for implementation is to be refined in conjunction with the selected supplier at the conclusion of the procurement process. It is therefore not yet appropriate to reflect the anticipated savings in the Revenue Budget and MTFS, but once the plan has been reviewed there will be greater clarity about the scope of the project and the assumptions and impact of savings. This will enable the planned savings to be recognised early in the 2021-22 Budget process and should assist in closing the gap position in later years of the MTFS.

5.3. Taking these issues into account, it is the recommendation of the Section 151 Officer that early planning is undertaken in respect of 2021-22 and the scope to address pressures within the constraints of the overall budget should be reviewed in the round during 2020-21 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 2021-22, or the mitigation of currently identified pressures**, and that all proposals are considered in the context of the significant budget gap identified for that year.

6. Council tax

6.1. The council tax / precept is set in the context of restrictions and requirements imposed by Government. In particular, the Localism Act requires that any council tax increase in excess of a limit determined by the Secretary of State for Housing, Communities and Local Government and approved by the House of Commons, will be decided by local voters, who, through a local referendum, will be able to approve or veto the proposed increase. The threshold for 2020-21 has been provisionally announced as 4% (2% for general council tax and 2% for the Adult Social Care precept). This is usually finalised alongside the publication of the Final Local Government Finance Settlement.

6.2. As set out in the assumptions section above, the County Council's planning is based on an increase of 1.99% in general council tax and 2.00% on the Adult Social Care precept, which are forecast to raise approximately £8.119m and £8.134m respectively based on the latest tax base forecasts. This contributes to closing the 2020-21 budget

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

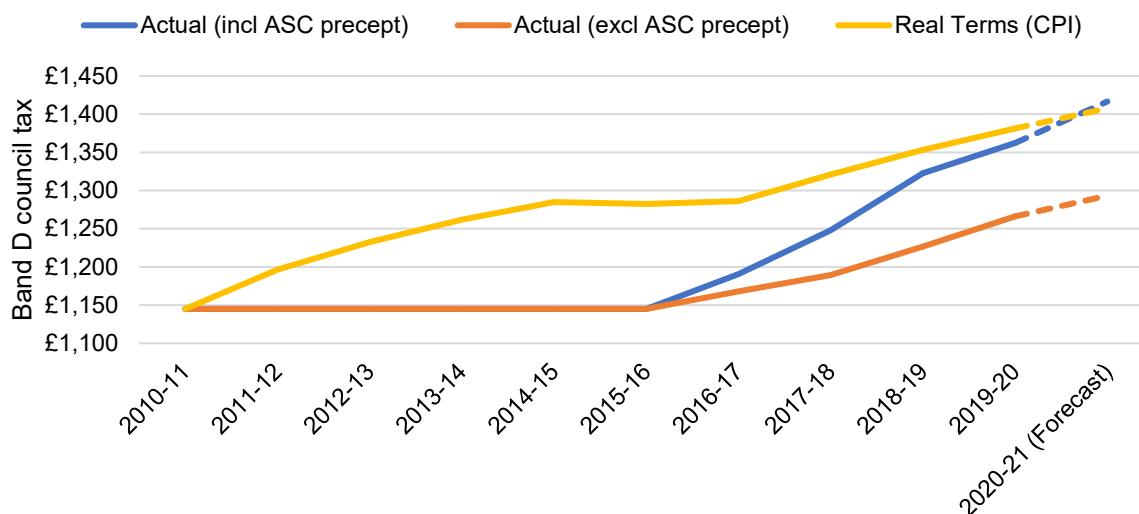
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gap and mitigating the gap in future years. An overall council tax increase of 3.99% therefore enables a substantially more robust budget for 2020-21 and helps to reduce risks for the council over the Medium Term Financial Strategy period.

- 6.3. The increased referendum threshold level of 4% was announced at the Spending Round 2019 to enable local authorities to raise additional funds to support social care budgets. The chart below illustrates that with a 3.99% increase in 2020-21, Norfolk County Council's council tax is now broadly in line with the level it would have been if CPI increases had been applied since 2010-11. However, excluding the effect of the Adult Social Care precept, general council tax remains substantially lower than it would otherwise have been.

Chart 1: Actual council tax levels compared to CPI increases

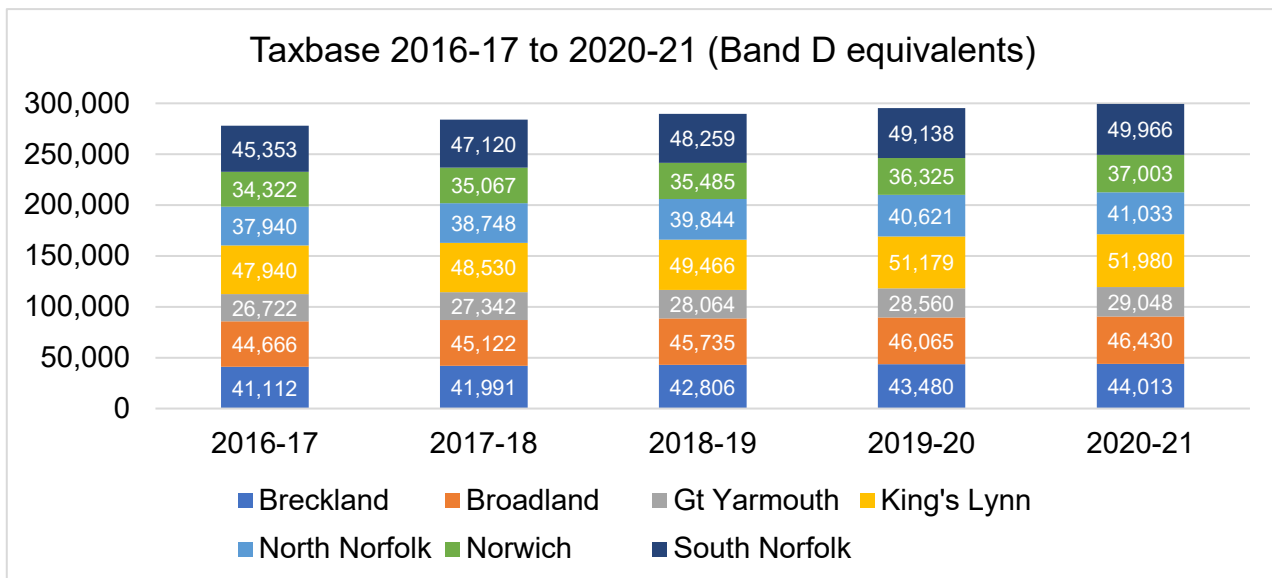


- 6.4. The Government will examine council tax increases and budget increases when final decisions have been made throughout the country. County Councils are required by regulations to declare their level of council tax precept by the end of February.
- 6.5. The council is required to state its council tax / precept as an amount for an average Band D property, together with information on the other valuation bands i.e. Bands A to H. Band D properties had a value in April 1991 of over £68,000 and up to £88,000.
- 6.6. To calculate the level of the County Council's council tax / precept, District Councils supply information on the number of properties in each of their areas. This information also includes estimated losses in council tax / precept collection and any deficits or surpluses on District Council collection funds. Over the past five years, Norfolk has experienced average growth in the tax base of 1.87%. The chart below shows the change in tax base in each district since 2016-17.

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Chart 2: Change in Norfolk Band D equivalent tax base 2016-17 to 2020-21 (forecast)



6.7. As has been previously reported to Members, the council has utilised the flexibility provided by Government in 2016-17 for authorities with Adult Social Care responsibilities to increase their council tax by 8% more than the core referendum principle over the period 2016-17 to 2019-20, on the basis that the additional precept raised is allocated to Adult Social Care. The Government has now offered a further flexibility to increase the Adult Social Care precept by 2% in 2020-21, and this report proposes that this opportunity should be taken in order to provide additional resources to meet Adult Social Care pressures. The Government generally assumes that councils will increase council tax at the referendum limit, make use of the flexibility to raise a social care precept where available, and will benefit from ongoing levels of council tax base growth. Failure to raise council tax in line with the Government's assumptions will effectively result in underfunding and would lead to the Council experiencing a different change in spending power than the Government forecasts. In addition, a failure to maximise locally available resources makes the council's position more difficult when calling for additional funding from Government.

6.8. Under the Local Government Finance Act 1992, the Section 151 Officer is required to provide confirmation to Government that the adult social care precept is used to fund Adult Social Care. This must be done within seven days of the Council setting its budget and council tax for 2020-21.

6.9. Details of the findings of public consultation on the level of council tax are set out in [Appendix 5](#) to inform decisions about budget recommendations to County Council.

Implications of council tax proposals

6.10. Taking into account the findings of consultation set out elsewhere in this report, Cabinet recommended that the council's 2020-21 budget should include a general council tax increase of 1.99% and an Adult Social Care precept increase of 2.00% as recommended by the Executive Director of Finance and Commercial Services (Section 151 Officer). This will need to be considered at the County Council meeting on 17 February 2020.

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- 6.11. The Medium Term Financial Strategy assumes increases of general council tax of 1.99% from 2021-22 for planning purposes, but with no increases in the Adult Social Care precept assumed. If the referendum threshold were increased in 2021-22 and subsequent years to above 1.99%, or any further discretion were offered to increase the Adult Social Care precept (or similar), then it is likely that the Section 151 Officer would recommend the council take advantage of this flexibility in view of the council's overall financial position.
- 6.12. The calculation of total payments of £430.421m due to be collected from District Councils in 2020-21 based on a council tax increase of 3.99%, together with the instalment dates and the council tax level for each valuation band A to H is set out below.
- 6.13. The council is also required to authorise the Executive Director of Finance and Commercial Services to transfer from the County Fund to the Salaries and General Accounts, all sums necessary in respect of revenue and capital expenditure provided in the 2020-21 budget in order that he can make payments, raise and repay loans, and invest funds.

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Council Tax Precept 2020-21 (Council Tax increase 3.99%)

6.14. The number of properties, in each council tax band and in each district is converted into 'Band D' equivalent properties to provide the council tax base. The number of properties in each district is shown below.

6.15. The council tax base is then multiplied by the 'Band D' amount to calculate the council tax income (the precept). The precept generated in each district is shown below.

Table 16: Council tax precept 2020-21

	£m
2020-21 Council Tax Requirement	430.421
<u>Less:</u>	
Estimated Surplus on District Council Collection Funds etc.	6.215
Precept Charge on District Councils	424.206
Council Tax for an average Band "D" Property in 2020-21	£1,416.51
Council Tax for an average Band "B" Property in 2020-21	£1,101.73

Table 17: Total payments to be collected from District Councils in 2020-21

District Council	Tax Base	Collection Fund Surplus / (Deficit)	Precept	Total Payments Due
	(a)	(b)	(c)	(d)
		£	£	£
Breckland	44,013.20	£207,695	£62,345,138	£62,552,833
Broadland	46,430.00	£38,235	£65,768,559	£65,806,794
Great Yarmouth	29,048.00	£214,672	£41,146,782	£41,361,454
King's Lynn and West Norfolk	51,979.70	£3,078,359	£73,629,765	£76,708,124
North Norfolk	41,033.00	£533,055	£58,123,655	£58,656,710
Norwich	37,003.00	£1,654,623	£52,415,120	£54,069,743
South Norfolk	49,966.00	£488,361	£70,777,339	£71,265,700
Total	299,472.90	£6,215,000	£424,206,358	£430,421,358

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Council tax collection

- 6.16. The precept (column (c) above) for 2020-21 will be collected in 12 instalments from the District Council Collection Funds, as follows:

Table 18: 2020-21 Precept instalments

Payment	Date	%
1	30 April 2020	8%
2	19 May 2020	9%
3	22 June 2020	9%
4	20 July 2020	9%
5	19 August 2020	9%
6	21 September 2020	9%
7	19 October 2020	9%
8	19 November 2020	9%
9	21 December 2020	9%
10	19 January 2021	9%
11	22 February 2021	3%
12	22 March 2021	8%
		100%

- 6.17. Where a surplus on collection of 2019-20 council tax (column (b) above) has been estimated, the District Council concerned will pay to the County Council its proportion of the sum by ten equal instalments, as an addition to the May 2020 to February 2021 precept payments.

- 6.18. Where a deficit on collection of 2019-20 council tax (column (b) above) has been estimated, the District Council concerned will receive from the County Council its proportion of the sum by ten equal instalments, as a reduction to the May 2020 to February 2021 precept payments.

2020-21 Council tax bands

- 6.19. In accordance with Section 40 of the Local Government Finance Act 1992, the County Council amount of the council tax for each valuation band be as follows:

Table 19: Norfolk County Council 2020-21 council tax bands

Band	£
A	944.34
B	1,101.73
C	1,259.12
D	1,416.51
E	1,731.29
F	2,046.07
G	2,360.85
H	2,833.02

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7. Government funding assumptions

- 7.1. On the 29 October, parliament voted to enable the general election which was held on 12 December 2019. The election campaign has resulted in a delay to both the announcement of the Autumn Budget 2019 (previously scheduled for 6 November and now expected 11 March 2020) and the provisional Local Government Finance Settlement (originally expected around 5 December in line with the timescales recommended by the Hudson Review, and actually published 20 December). As a result, the precise timing of further detailed announcements for Local Government, and future year allocations, remains unknown and throughout much of the process, the council's 2020-21 Budget has been prepared with more limited information about Government funding allocations than would usually be the case.

Spending Round 2019

- 7.2. Significant reliance through the planning process was placed on the indicative plans set out by the Chancellor of the Exchequer, Sajid Javid, when he announced the one year [Spending Round](#) on 4 September 2019 including departmental funding allocations for 2020-21. The associated briefing¹⁴ stated that the "*Spending Round provides more money to support vital public services while being delivered within the government's existing fiscal rules.*" However, the Chancellor confirmed that the government would review the fiscal framework (including the fiscal rules) alongside updated economic and fiscal forecasts at the time of the (now delayed) Autumn Budget. Nationally, the Spending Round represented a £13.8bn increase in day to day spending for 2020-21.
- 7.3. As reported to Cabinet in October, the Spending Round did not provide detailed allocations of Local Authority funding at individual council level; however, it did indicate additional resources in 2020-21 and set out a number of announcements with implications for local government. Overall the Spending Round provided an increase in funding for 2020-21 compared to original MTFS assumptions through the continuation of current one-off or short term funding allocations and the new funding. The Government now assumes that Local Authorities will raise council tax by 4% in 2020-21 (reflecting the 2% core and 2% Adult Social Care precept flexibility). Key announcements included:

7.4. Health and Social Care

- An additional £1.5bn of funding for Social Care – consisting of £1bn of new grant funding for adult and children's social care, and £0.5bn through flexibility to raise a further 2% Adult Social Care precept. The Spending Round document emphasises that the Government "*remains committed to putting adult social care on a fairer and more sustainable footing and will bring forward proposals in due course*"¹⁵. Based on previous allocations, this would equate to approximately £17.6m in additional grant for Norfolk plus £8m available through the further precept flexibility.
- A real term increase to the Public Health Grant budget, so that local authorities can continue to provide prevention and public health interventions. This is assumed to amount to approximately £0.685m for Norfolk although subsequent announcements by Public Health England have indicated a 1% real terms

¹⁴<https://www.gov.uk/government/news/spending-round-2019-what-you-need-to-know>

¹⁵https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/829177/Spending_Round_2019_web.pdf

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increase in Public Health Grant in 2020-21¹⁶ so the final increase may be higher than this, but may come with additional responsibilities.

- A 3.4% real terms increase through the NHS contribution to adult social care through the Better Care Fund.
- The Spending Round confirms continued funding for the Troubled Families programme.

7.5. Schools

- Schools budgets are to be set for the period to 2022-23 rising by £2.6bn in 2020-21, £4.8bn in 2021-22 and £7.1bn in 2022-23, compared to 2019-20 funding, with an additional £1.5bn annually for teacher employer pension contributions.
- The Government is continuing with implementation of the schools National Funding Formula – with per pupil funding to rise with inflation in 2020-21. The minimum per pupil amount for 2020-21 will increase to £3,750 for primary schools and £5,000 for secondary schools.
- An additional £780m nationally for Special Educational Needs and Disabilities (SEND). Based on previous allocations, this would equate to approximately £10m in additional grant for Norfolk.

7.6. Overall funding

- Business rate baseline funding levels and Revenue Support Grant to increase in line with inflation.
- Overall, Government expected the Spending Round to reflect a £2.9bn increase in Core Spending Power (including social care funding and the precept) and provide in total an increase of £3.5bn in the resources available to local authorities. This reflects the continuation of a number of funding streams previously expected to end in 2019-20 (such as social care and winter pressures funding and iBCF funding).
- The Chancellor confirmed a full multi-year spending review will be conducted in 2020 for capital and resource budgets beyond 2020-21.

7.7. Other announcements with relevance for local government

- £422m to tackle homelessness and rough sleeping.
- £24m for the Building Safety Programme.
- £241m for the Towns Fund to support the regeneration of high streets, town centres and local economies.
- £200m to transform bus services.

7.8. Following the Spending Round announcements by the Chancellor, the Secretary of State for Housing, Communities and Local Government wrote to Local Authorities to confirm a delay in the development of changes to the Business Rates Retention System and Fair Funding Review. As a result, these will now not be implemented in 2020-21. Existing 75% Business Rates Retention pilots will run for 2019-20 only and allocations will then revert to the underlying 50% system in 2020-21 as discussed more fully in paragraph 4.20 and [section 8](#) of this report.

¹⁶<https://www.lgcplus.com/services/health-and-care/public-health-will-get-1-real-terms-growth-selbie-reveals-13-09-2019/>

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Provisional Local Government Finance Settlement

7.9. The provisional Local Government Finance Settlement was announced via a written statement on 20 December 2019¹⁷. The provisional Settlement provided details of how Spending Round announcements will impact on specific funding streams including Revenue Support Grant and Rural Services Delivery Grant at an individual authority level. The Ministry of Housing, Communities and Local Government (MHCLG) consulted on the detailed methodology for the 2020-21 Settlement as part of a technical consultation and has now issued a subsequent consultation on the provisional Settlement¹⁸, which closed 17 January 2020.

7.10. In essence, the provisional Settlement confirmed a number of the announcements set out in the Spending Round and the following technical consultation without making any further significant changes. The Settlement did not provide any indication of funding beyond 2020-21, but it is assumed that multi-year settlements will be restored following the planned 2020 Comprehensive Spending Review. The key announcements in the provisional Settlement included:

- Council tax referendum thresholds proposed as 2% for general council tax plus 2% for the Adult Social Care Precept;
- Revenue Support Grant and business rates baseline funding levels increased in line with inflation, other grants (including Rural Services Delivery Grant) maintained at 2019-20 levels;
- New social care grant of £1bn nationally and changes to delivery of existing grants including winter pressures funding rolled into improved Better Care Fund (iBCF);
- Continuation of New Homes Bonus in 2020-21, but with consultation on a replacement, more targeted, approach to be undertaken spring 2020 for the 2021-22 financial year;
- No Business Rates Retention Pilots in 2020-21 apart from continuation of 100% pilots in Devolution Deal Areas;
- The provisional Settlement made no specific mention of the Fair Funding Review or the implementation of 75% Business Rates Retention; and
- A full business rates reset is planned for 2021-22.

7.11. The provisional Settlement will be confirmed in the Final Settlement, which is expected to be announced in February 2020. A number of separate grants and funding announcements (including for example, final allocations of Public Health grant) remain to be confirmed. Further announcements about actual funding levels for 2020-21 could have a material impact on the council's overall budget planning position, and will be reported as part of the usual in year monitoring process for 2020-21.

8. 2019-20 Business Rate Pilot and Business Rate pooling decisions for 2020-21

8.1. As reported in the 2019-20 Budget papers, the council submitted a successful application to become a 75% Business Rates Pilot in 2019-20 in conjunction with the District Councils in Norfolk. The pilot means that Norfolk as a whole will benefit from retaining an additional 25% of any business rates growth experienced in 2019-20 over

¹⁷ <https://www.gov.uk/government/speeches/provisional-local-government-finance-settlement-2020-to-2021-statement>

¹⁸ <https://www.gov.uk/government/consultations/provisional-local-government-finance-settlement-2020-to-2021-consultation>

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and above the level that would have been retained under the previous 50% Business Rates Pool. The actual level of this additional growth will be confirmed after 2019-20 and will be shared between county and districts.

- 8.2. The County Council acts as lead authority for the pilot and is undertaking monitoring during the 2019-20 financial year. The pilot is currently forecast to deliver a benefit of around £7m to Norfolk as a whole, with the direct financial benefits to the County Council's budget expected to materialise in 2020-21. The Budget currently assumes that the pilot will deliver a one-off benefit of £3.879m in 2020-21 and this will need to be kept under review as details of the actual business rates growth in 2019-20 become known.
- 8.3. Since the start of the pilot, a challenge has been heard by the High Court in relation to an NHS Trust business rates challenge, which was previously identified as a key risk. NHS Trusts made a claim that they should benefit from charitable status for the purposes of business rates. If successful, this would result in a substantial cost for local authorities. A judgement was given on 12 December 2019 which saw the NHS Trusts lose the challenge. At this stage it remains unclear whether the judgement will be appealed but NHS Trusts have until the 24 February 2020 to decide whether to do so. If an appeal were successful, it remains the case that it could have a material impact on the outcome of the pilot.
- 8.4. The Ministry of Housing, Communities and Local Government (MHCLG) has also confirmed (17 September 2019) that 2019-20 pilots will operate for one year only, and has set out details of pooling arrangements for 2020-21. The council's 2020-21 Budget therefore assumes that the council will revert to 50% Business Rates Retention from April 2020.
- 8.5. The potential for NHS Trusts to appeal means that a small risk remains around pooling decisions for 2020-21, which were required by 25 October 2019, because a successful appeal would mean some Norfolk councils being in a position of needing support from the wider pool, reducing the benefit of pooling. There is a risk that the impact of the NHS Trust challenge could fall in either 2019-20 (affecting the pilot) **or** 2020-21 (affecting any future pool).
- 8.6. Norfolk Leaders, acting in their capacity as the Business Rate Pool/Pilot Board, have considered this position and agreed to submit a request for **all** Norfolk councils to continue as a Business Rates pool in 2020-21, noting the risk of a net cost from pooling of around £3.5m if NHS Trusts were to be successful during 2020-21. In addition, while recognising the risk of an impact to the overall pool, Leaders have also agreed to release 2018-19 Business Rates retained growth, subject to all members of the pool satisfying their necessary governance arrangements.
- 8.7. It is important to note in this context that the Local Government Finance Act 1988 provides that members of a pool have a period of 28 days from the date of publication of the provisional Local Government Finance Settlement (20 December 2019) to make a request to revoke a pool. In such a case the only option would be to dissolve the pool entirely, not alter membership. In other words, changes to the make up of the pool were required by 25 October 2019, but a decision to pool could still be revoked entirely within 28 days of the provisional Settlement (i.e. by 17 January 2020).
- 8.8. Members are asked to note the position and the decision of the Pool/Pilot Board in respect of membership of the 2020-21 Pool and associated risks.

9. Investing in Norfolk's priorities – Service Department budget planning

Adult Social Services

- 9.1. The service has a clear vision – to support people to be independent, resilient and well. Our strategy to achieve this is Promoting Independence – which is shaped by the Care Act with its call to action across public services to prevent, reduce and delay the demand for social care. We are working across the service, and with our partners, to support people earlier before their ability to manage deteriorates. The council commissions support in an integrated arrangement with Norfolk's Clinical Commissioning Groups, and is working in integrated teams with community health providers. In addition, our approaches to meeting people's eligible social care needs are focused on an individual's strengths and existing support around them; to help people retain their lives and engagement within their communities. Across health and social care, we are embedding a shared 'home first' culture which helps people keep and regain independence.
- 9.2. As well as improving outcomes for people, this approach has helped the service to deliver the significant financial savings needed to continue to meet the increasing demands for social care across Norfolk. Within the overall strategy for Promoting Independence our financial strategy for achieving savings is focussed on:
- Investing in early intervention and targeted prevention to keep people independent for longer
 - Investing in excellent social work which helps people regain and retain independence, and reduces, prevents and delays the need for formal social care
 - Commissioning services which enable and re-able people so they achieve and maintain as much independence as they can and reducing the amount of formal social care they need
 - Reducing the proportion of people who are placed in permanent residential and nursing care
 - Leading and developing the market for social care so that it is stable and sustainable and aligns with the ambitions of promoting independence.
 - Working with health partners to reduce system demand and improve outcomes
 - Increasing the use of technology to enable more people to live independently for longer
 - Charging people appropriately for their care and providing welfare rights support
 - Strengthening the contract management of our commissioned contracts and pursuing efficiencies in all areas of our work.
- 9.3. The service is working within a challenging health and social care system, with impacts from the demands faced within the NHS and the stability of market providers. This has impacted on demand for social care and has affected pressures for 2020/21. It has meant that additional funding from the adult social care precept has been needed to support additional costs arising for adult social care and has not enabled previous savings to be reduced.
- 9.4. In preparing the additional sustainability and savings proposals for the coming years, the service has primarily concentrated on invest to save measures through prevention and opportunities for delivering benefits across the health and social care system. This recognises the integrated approach to care across Norfolk and the importance of a

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joined up system to maximise other efficiencies, for example from commissioned services.

- 9.5. We also want to improve personalisation of care, offering more choice to individuals about how eligible care needs are met and in turn supporting improved value for money.
- 9.6. We have taken some difficult decisions around our charging policy and as a result, changes will continue to be implemented in a phased way over the coming years. The changes reduce the amount people of working age are able to keep before having to make a contribution towards the cost of their care.
- 9.7. We continue to work with our care providers and together with health organisations will be seeking ways to develop the right capacity to provide good value for money. In addition, during this year the council successfully bid with Suffolk County Council and health partners to secure European Social Funding to work with the local care workforce to improve training, career progression, recruitment and retention.

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Table 20: Detailed budget change forecast Adult Social Services 2020-24

Adult Social Services					
Final Budget change forecast 2020-24					
Reference		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
	OPENING BUDGET	247.606	255.740	276.103	296.943
	ADDITIONAL COSTS				
	Economic / Inflationary				
	Basic Inflation - Pay (2% for 20-21, 3% 21-22 to 23-24)	1.128	1.897	1.914	1.914
	Basic Inflation - Prices	6.494	6.676	6.787	6.787
	Legislative Requirements				
	Pay and Price Market Pressures	6.900	6.340	6.274	6.046
	Additional adult market pressures - Cost of Care (ASC reserve funded)	1.035	0.000	0.000	0.000
	Winter Plan actions	-2.000	0.000	0.000	0.000
	Demand / Demographic				
	Demographic growth	6.100	6.100	6.100	6.100
	Leap year pressure in Adult Social Care	-0.550	0.000	0.000	0.600
	NCC Policy				
	Use of reserves	0.776	0.000	0.000	0.000
	Recurrent pressures arising from 2019-20 service delivery	9.221	5.472	0.000	0.000
	One off use of Adults reserves to address recurrent pressures	-1.221	1.221	0.000	0.000
	Use of ASC Business Risk Reserve in 2019-20	2.000	0.000	0.000	0.000
	Reversal of savings previously funded by one-off measures	5.111	0.000	0.000	0.000
	iBCF - 2022-23 Other spend adjustment	-6.061	-1.760	0.000	0.000
	iBCF - 2022-23 Grant Cfdw Adjustment	-1.760	0.000	0.000	0.000
	iBCF - 2022-23 Reserve usage Adjustment	7.155	1.760	0.000	0.000
	Living Well Homes for Norfolk Invest to save	-0.047	-0.140	0.000	0.000
	Living Well 3 Conversations Invest to save	0.000	-0.242	0.000	0.000
	ASC pressures linked to Target Operating Model	0.320	0.000	0.000	0.000
	Use of ASC Business Risk Reserve - towards invest to save	0.047	0.382	0.000	0.000
		34.648	27.707	21.075	21.447
	SAVINGS				
ASC006 /ASC011 /ASC015	Promoting Independence for Younger Adults - Customer Pathway - where the focus will be on connecting people with ways to maintain their wellbeing and independence thereby reducing the numbers of service users receiving care in a residential setting	-5.000	0.000	0.000	0.000

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Adult Social Services					
Final Budget change forecast 2020-24					
Reference		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
ASC006 /ASC011 /ASC015	Promoting Independence for Older Adults - Customer Pathway - where the focus will be on connecting people with ways to maintain their wellbeing and independence thereby reducing the numbers of service users receiving care in a residential setting	-5.000	0.000	0.000	0.000
ASC035	Investment and development of Assistive Technology approaches	-0.500	-0.700	0.000	0.000
ASC036	Maximising potential through digital solutions	-1.000	-3.000	0.000	0.000
ASC037	Strengthened contract management function	-0.200	-0.200	0.000	0.000
ASC038	Procurement of current capacity through NorseCare at market value	-1.000	0.000	0.000	0.000
ASC044	Extra care housing programme	0.000	-0.200	0.000	0.000
ASC046	Revise the NCC charging policy for working age adults to apply the government's minimum income guarantee amounts	-3.000	0.000	-0.235	0.000
ASC049	Shift to community and preventative work within health and social care system – demand and risk stratification	-1.000	-1.000	0.000	0.000
ASC051	Adjustment to payment timescale for direct payment to improve cashflow in line with audit recommendations	1.000	0.000	0.000	0.000
ASC052	One off use of repairs and renewals reserves no longer required	0.043	0.000	0.000	0.000
ASS001	Expanding home based reablement, which saves money in the long term by preventing unnecessary hospital admissions and supporting more people to swiftly return home from hospital.	-3.000	-2.000	0.000	0.000
ASS002	Expanding accommodation based reablement, which saves money by enabling people with higher needs to quickly return to their home from hospital without needing residential care.	-0.750	-0.250	0.000	0.000
ASS003	Extending home based support for people with higher level needs or dementia so that they can remain in their home especially after an illness or hospital stay, which saves money on residential care.	-0.200	-0.150	0.000	0.000
ASS004	Working better across health and social care teams to help prevent falls, which in turn helps prevent hospital admissions and saves money on residential care.	-0.140	0.000	0.000	0.000
ASS005	Supporting disabled people to access grants that are available for access to education and support to attend university.	-0.050	0.000	0.000	0.000
ASS006	Increasing opportunities for personalisation and direct payments, which will help both increase choice of services and value for money, through more efficient commissioning.	-0.500	0.000	0.000	0.000
ASS007	Reviewing how we commission residential care services to save money by making sure we have the right services in the right place.	-0.500	-0.234	0.000	0.000

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Adult Social Services					
Final Budget change forecast 2020-24					
Reference		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
ASS008	Developing consistent contracts and prices for nursing care by working more closely with health services.	-0.190	-0.110	0.000	0.000
ASS009	Debt management (one-off) - reclaiming money owed by other organisations.	-0.500	0.500	0.000	0.000
ASS010	Reducing the money we spend on supporting providers to develop a market of affordable, quality, social care.	-0.010	0.000	0.000	0.000
ASS011	Reviewing staffing levels in back office and support services.	-0.100	0.000	0.000	0.000
ASS012	Funding of the Norfolk Swift Response Service by Health.	-1.300	0.000	0.000	0.000
		-22.897	-7.344	-0.235	0.000
	BASE ADJUSTMENTS				
	New 2020-21 Social Care Grant - Spending Round 2019 - Adults	-3.739	0.000	0.000	0.000
		-3.739	0.000	0.000	0.000
	COST NEUTRAL ADJUSTMENTS				
	Depreciation transfer	0.814	0.000	0.000	0.000
	Debt management transfer	0.002	0.000	0.000	0.000
	REFCUS	1.500	0.000	0.000	0.000
	ASS to CES - PH Voluntary Sector Infrastructure	-0.142	0.000	0.000	0.000
	ASS to CES - PH Citizen Advice Bureau	-0.191	0.000	0.000	0.000
	ASS to CES - PH Beacon Domestic Abuse	-0.040	0.000	0.000	0.000
	CS to ASS - Transition Officer & Lead	0.021	0.000	0.000	0.000
	ASS to CES - Top slicing for stationery	-0.001	0.000	0.000	0.000
	CS to ASS - Transition lead post funding to be transferred to Preparing for Adult Life (PFAL) team	0.021	0.000	0.000	0.000
	FCS to ASS - Funding for Liquid Logic Support Team	0.093	0.000	0.000	0.000
	CS to ASS - Funding for Liquid Logic Support Team	0.260	0.000	0.000	0.000
	ASS to FCS - Changes to charging	-0.275	0.000	0.000	0.000
	ASS to FG - NorseCare and IM pensions	-1.338	0.000	0.000	0.000
	ASS to CES - PH domestic abuse	-0.060	0.000	0.000	0.000
	ASS to CES - PH Community Development Workers	-0.300	0.000	0.000	0.000
	ASS to CES - PH Falls prevention	-0.200	0.000	0.000	0.000
	ASS to CES - PH Health at work	-0.040	0.000	0.000	0.000
		0.123	0.000	0.000	0.000
	NET BUDGET	255.740	276.103	296.943	318.390

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Children's Services

9.8. Children's Services are focussed upon Norfolk's Vital Signs for Children (Signs of Safety, Well-being and Stability), with a well-established transformation programme that has a strategic approach comprising of five strands:

- Inclusion;
- Prevention and early intervention;
- Effective practice model;
- Edge of care support and alternatives to care; and
- Managing the care market and creating the capacity that we need.

9.9. Children's Services continues to operate in a challenging context; continuing to experience high and increasing levels of need across numerous areas of service and, in particular, in relation to children with special educational needs and children at risk of harm. The service also continues to respond to new issues within society, and the range of responsibilities for the department is widening to tackle issues such child sexual and criminal exploitation and the threat of radicalisation. Following the appointment of the new and permanent senior leadership team, the service has been driving forward the identified priorities and transformation programme, including increased strategic partnership working to generate and drive system change in Norfolk that, as the County Council alone, could not be delivered.

9.10. The services' financial strategy for achieving savings is on an invest to save basis that aligns with this strategic approach, enabling the service to respond to the changing needs within communities and the current and future financial challenges by developing innovative new approaches, in particular:

- Prevention, early intervention and effective social care – investing in an enhanced operating model which supports families to stay together and ensures fewer children need to come into care;
- Alternatives to care – investing in a range of new services which offer alternatives to care using enhanced therapeutic and care alternatives, combined with a focus on support networks from extended families keeping families safely together where possible and averting family crises; and
- Transforming the care market and creating the capacity that we need – creating and commissioning new care models for children in care – achieving better outcomes and lower costs.

9.11. Whilst improving outcomes for children and families, this approach has helped the service to limit the pressures being faced by the council as a result of increasing levels and complexity of need through the delivery of financial savings aligned with the service's strategy. For example, the introduction of the Children's Advice and Duty Service (the "front door") has been transformational with significant improvements to information sharing, analysis and recording, a reduction in inappropriate referrals and assessments elsewhere in the service through its strong decision-making. Family Values Project (In-House Fostering Recruitment) has already delivered a significant shift to date from external, high cost provision through Independent Fostering Agencies, to our cost-effective and high quality in-house fostering service, and this impact is anticipated to increase over the coming years. Additionally, the new in-house semi-independent accommodation is forecast to deliver in excess of £0.5m of savings in 2019-20, which will have an ongoing, full year effect into 2020-21 and beyond.

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- 9.12. Each of the new savings proposals for 2020-21 comprise of individual but related projects that, together, will deliver the transformation needed to provide financial sustainability as well as to deliver financial savings:

Prevention, early intervention and effective social care:

Integration of social work Assessment & Intervention Teams into Family Assessment and Safeguarding Teams, investment in Family Focus teams, implementation of the Vital Signs practice model, introduction of new specialist roles to work alongside core teams, embedding of dedicated supervised contact and parenting assessment teams, investment in additional coordination & support capacity, and investment in mobile working.

Alternatives to care:

Implementation of our social impact bond in conjunction with partners (Stronger Families), embedding of a Family Networking Approach and expansion of Family Group Conference approach, development of short stay alternatives to care options, targeted reunification including supporting positive exits from care and implementing the Inside Out project, and targeted interventions and crisis support for families with children with disabilities.

Transforming the care market and creating the capacity that we need:

Implementation of our Family Values Project (In-House Fostering Recruitment), development of our Enhanced Fostering offer to enable residential step down, introduction of new Semi-Independent Accommodation, smarter commissioning through a Valuing Care approach, implementation of a new approach to supporting Unaccompanied Asylum Seekers, and a review of residential provision for Children with Disabilities (including emergency provision).

- 9.13. Additionally, the service has recently been successful in a bid for government funding to support young people in or at risk of coming into care that will result in the service adopting the nationally recognised “No Wrong Door” project originally developed in North Yorkshire. This project is expected to reduce the cycle of older children moving between multiple placements and to reduce the high number of high cost placements, which will contribute towards the overall outcomes of the transformation programme.
- 9.14. Whilst the budget plans include savings of £9.250m, primarily to be delivered through delivery of the transformation programme, it should be noted that the financial planning contains very significant investment in Children’s Services, £22.317m, that both recognises the existing financial pressures that have been experienced during 2019-20, as well as investment to enable the service to implement an enhanced operating model that is expected to bring improved outcomes for children and families alongside reducing the demand for high-cost intervention and provision when needs have escalated. An additional £3m funding has been identified for demographic pressures, particularly in relation to social care placements and support for families and children.
- 9.15. The overall decrease in the Children’s net budget in 2020-21 reflects the inclusion of £13.878m funding from the new 2020-21 social care grant and net cost neutral reductions of £20.378m which include £17.626m of revenue expenditure funded by capital relating to a reassessment of the amount which the council expects to spend on Academy school capital. The budget includes significant investment into Children’s Services as discussed above and shown in Table 2.

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Appendix 1: Norfolk County Council Revenue Budget 2020-21

Table 21: Detailed budget change forecast Children's Services 2020-24

Children's Services					
Final Budget change forecast 2020-24					
Reference		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
	OPENING BUDGET	211.667	196.211	197.134	202.133
	ADDITIONAL COSTS				
	Economic / Inflationary				
	Basic Inflation - Pay (2% for 20-21, 3% 21-22 to 23-24)	1.448	2.523	2.589	2.589
	Basic Inflation – Prices	2.286	2.459	2.490	2.490
	Legislative Requirements				
	Teachers' Pension increased employers' contribution	0.017	0.000	0.000	0.000
	NCC Policy				
	92.5% to 98.5% Structural Budget Gap	3.800	0.000	0.000	0.000
	Recruitment & Retention Investment offset by Agency Reduction	0.300	-0.340	-0.880	-0.200
	New operating model investment	2.950	-0.820	-0.700	0.000
	Demand / Demographic				
	Children's Services budget pressures including demographic growth and provision for 2019-20 placement and child & family support overspend pressures	13.750	3.000	3.000	3.000
	Home to School Transport provision for 2019-20 overspend pressures and future growth in pupil numbers	4.500	0.500	0.500	0.500
	Remove contribution to High Needs Block contingency reserve (council tax funded) / SEND improvements	-1.000	0.000	0.000	0.000
		28.052	7.323	6.999	8.379
	SAVINGS				
CHL041	Redesign of Early Childhood and Family Services	-1.700	0.000	0.000	0.000
CHL047	Cost efficiencies delivered by strategic partnership and joint commissioning with Mental Health services	-0.200	0.000	0.000	0.000
CHL049	Norfolk Futures Safer Children and Resilient Families Programme: Better outcomes for children and young people and reducing demand for services	-1.584	-2.000	0.000	0.000
CHS001	Prevention, early intervention and effective social care – Investing in an enhanced operating model which supports families to stay together and ensures fewer children need to come into care.	-1.000	-1.000	-0.500	0.000
CHS002	Alternatives to care – Investing in a range of new services which offer alternatives to care using enhanced therapeutic and care alternatives, combined with a focus on support networks from	-1.200	-1.400	0.100	0.000

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Appendix 1: Norfolk County Council Revenue Budget 2020-21

Children's Services					
Final Budget change forecast 2020-24					
Reference		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
	extended families keeping families safely together where possible and averting family crises.				
CHS003	Transforming the care market and creating the capacity that we need – Creating and commissioning new care models for children in care – achieving better outcomes and lower costs.	-3.500	-4.000	-1.600	0.000
CHS004	Merging existing children looked after transformation savings (CHL049) into new proposals (CHL001-3), which will replace and augment the existing deliverable plans.	1.584	2.000	0.000	0.000
CHS005	Reverse elements of CHL047 – Cost efficiencies delivered by strategic partnership and joint commissioning with Mental Health services.	0.350	0.000	0.000	0.000
CHS006	Children's Services - School equipment capitalisation	-2.000	0.000	0.000	0.000
		-9.250	-6.400	-2.000	0.000
	BASE ADJUSTMENTS				
	Additional 2019-20 Social Care funding	-0.002	0.000	0.000	0.000
	New 2020-21 Social Care Grant - Spending Round 2019 - Children's	-13.878	0.000	0.000	0.000
		-13.879	0.000	0.000	0.000
	COST NEUTRAL ADJUSTMENTS				
	Depreciation transfer	-0.758	0.000	0.000	0.000
	Debt management transfer	0.002	0.000	0.000	0.000
	REFCUS transfer	-17.626	0.000	0.000	0.000
	CS to CES - Road Crossing Patrols	-0.269	0.000	0.000	0.000
	CS to CES - PH Beacon Domestic Abuse	-0.040	0.000	0.000	0.000
	CS to ASS - Transition Officer & Lead	-0.021	0.000	0.000	0.000
	CS to CES - ECFS Calls	-0.027	0.000	0.000	0.000
	CS to CES - PH Positive activities in refuges	-0.093	0.000	0.000	0.000
	CS to CES - PH Substance misuse workers	-0.233	0.000	0.000	0.000
	CS to CES - PH Children's Services activities delivering Public Health outcomes TBC	-0.144	0.000	0.000	0.000
	CS to CES - PH Community development (community and partnership teams)	-0.200	0.000	0.000	0.000
	CS to CPT transfer of properties	-0.688	0.000	0.000	0.000
	CS to ASS - Transition lead post funding to be transferred to Preparing for Adult Life (PFAL) team	-0.021	0.000	0.000	0.000
	CS to ASS - Funding for Liquid Logic Support Team	-0.260	0.000	0.000	0.000
		-20.378	0.000	0.000	0.000
	NET BUDGET	196.211	197.134	202.133	210.511

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Appendix 1: Norfolk County Council Revenue Budget 2020-21

Schools' Funding

- 9.16. Schools funding is primarily provided by the Department for Education (DFE) through the Dedicated Schools Grant (DSG), which is paid to the County Council who then have responsibility to delegate this funding to schools in accordance with the agreed formula allocation.
- 9.17. The DSG is split into four funding blocks: The Schools Block, the High Needs Block, the Early Years Block and the Central School Services Block. Movements up to 0.5% from the Schools Block to the other blocks have to be agreed by Norfolk Schools Forum. Any request above the 0.5% has to be agreed by the Secretary of State. The High Needs Block in Norfolk remains under significant pressure as set out in the risks section in section 5 of this paper.
- 9.18. Further detail of schools funding for 2020-21 is set out in the Dedicated Schools Grant report elsewhere on this agenda.

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Appendix 1: Norfolk County Council Revenue Budget 2020-21

Community and Environmental Services

9.19. Community and Environmental Services (CES) has responsibility for the delivery of a wide range of services; there is no hierarchy as each area has a vital role to play in achieving better outcomes for Norfolk and we have a key role to play in supporting the delivery of the *Together, for Norfolk* strategy.

9.20. To support the three outcomes of the *Together, for Norfolk* strategy, we are investing in some key service areas:

- **Growing the Economy** – We continue to invest in the Highway asset to ensure that we deliver critical planned infrastructure investment across our County including the £120m Great Yarmouth Third River Crossing; the Western Link to the Broadland Northway (previously NDR), which is reflected in the planned capital programme.
- **Thriving People** – CES play a key role in supporting access to well-paid, high-value, skilled jobs through the achievement of higher accredited learning and those in need of improved foundation skills can access learning through our Adult Education and Growth and Development services. We are redeveloping Wensum Lodge in Norwich which will support skills development and economic growth within the County, as well as seeing the transformation of an underutilised site into a thriving cultural asset, benefitting both creative businesses and individuals alike.
- **Strong Communities** – The council recently approved a new Environmental Policy and recommended £1.35m funding be made available to deliver on the priorities set out in the Policy. We are proposing investment within the Fire and Rescue service to support these critical activities and to deliver the priorities in the proposed new Integrated Risk Management Plan for the service, including additional funding for safety and prevention. We are set to start work on the Norwich Castle gateway to Medieval England project, a major capital development that will transform the visitor offer at Norwich Castle Museum & Art Gallery and showcase one of Europe's finest medieval buildings. The project will deliver full disabled access to all levels of the Keep, including the battlements, making it the most accessible building of its kind in Europe.

9.21. The service continues to look for opportunities to deliver budget savings. The range of services and outcomes means that a single approach would not be beneficial. Instead, CES is focussing on service redesign across the following broad approaches:

- Efficiency and cost reduction
- Commercialisation and income generation
- Collaboration and partnerships
- New technology and digital transformation

9.22. CES services are primarily delivered locally within communities, and there is a focus on minimising the impact of any changes on front line services.

9.23. The Department also leads on the Local Service Strategy. Under this priority, services will be redesigned and proactively targeted in the places where they are most needed in our market towns, Norwich, Great Yarmouth and King's Lynn.

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Appendix 1: Norfolk County Council Revenue Budget 2020-21

Table 22: Detailed budget change forecast Community and Environmental Services 2020-24

Community and Environmental Services					
Final Budget change forecast 2020-24					
Reference		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
	OPENING BUDGET	160.712	163.471	169.733	176.597
	ADDITIONAL COSTS				
	Economic / Inflationary				
	Basic Inflation - Pay (2% for 20-21, 3% 21-22 to 23-24)	1.436	2.061	2.123	2.123
	Basic Inflation - Prices	2.219	2.091	2.276	2.276
	Legislative Requirements				
	A and B Class signing review pressure	0.000	0.500	-0.500	0.000
	Norwich City highway tree asset investigations (Cavanagh v Witley Parish Council)	0.150	0.000	0.000	0.000
	Public Health expenditure pressures for revised grant allocation	0.685	0.000	0.000	0.000
	Blue Badges - hidden illness implementation pressure	0.120	0.000	0.000	0.000
	Fire pension employer rate pressure	0.080	0.000	0.000	0.000
	Trading Standards - additional trading standards requirements following Brexit	0.090	0.000	0.000	-0.090
	Assumed Brexit costs	0.088	-0.088	0.000	0.000
	Demand / Demographic				
	Waste pressure - demand and demographic (tonnage)	0.200	1.700	1.700	1.700
	Highways Maintenance pressures	0.375	0.100	0.000	0.000
	Highways new developments and infrastructure	0.150	0.000	0.000	0.000
	LLFA drainage improvement schemes	0.150	0.000	0.000	0.000
	NCC Policy				
	Waste pressure - unit costs (Brexit / exchange rate / capacity)	0.000	2.400	0.000	0.000
	Fire pressures following IRMP review cost pressure implications	0.887	0.000	0.000	0.000
	DfT Transforming Cities - Revenue Support	0.200	0.000	0.000	0.000
	Economic Development - feasibility studies / projects	0.100	0.000	0.000	0.000
	Revenue pressures arising from Environmental Policy agreed at Council 25/11/2019	0.175	0.175	0.000	0.000
	Customer Services - additional costs in relation to the Community Directory	0.058	0.000	0.000	0.000
	Inflation pressure on Library material fund	0.040	0.000	0.000	0.000
		7.203	8.939	5.599	6.009
	SAVINGS				
CMM043	Income generation – Norfolk Museums Service	0.000	0.000	-0.400	0.000

ANNEXE 1**Appendix 1: Norfolk County Council Revenue Budget 2020-21**

Community and Environmental Services					
Final Budget change forecast 2020-24					
Reference		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
CMM045	Income generation – Norfolk Community Learning Services	-0.125	0.000	0.000	0.000
CMM046	Income generation – Library and Information Service	-0.111	0.000	0.000	0.000
CMM056	Reduction in Strategic Arts Development Fund	-0.010	0.000	0.000	0.000
CMM059	Library service back office efficiencies	-0.010	0.000	0.000	0.000
CMM060	Increased income – Trading Standards and library service	-0.070	0.000	0.000	0.000
CMM061	Review of contract inflation assumptions	-0.006	0.000	0.000	0.000
CMM062	Restructure of teams – various changes to team structures (reduction in overall numbers of posts)	-0.120	0.000	0.000	0.000
EDT032	Waste strategy - implementing a new waste strategy focussed on waste reduction and minimisation with a target to reduce the residual waste each household produces by at least one kilogram per week	0.000	-1.850	0.000	0.000
EDT050	Improved management of on-street car parking	-0.350	0.000	0.000	0.000
EDT063	Vacancy management	-0.025	0.000	0.000	0.000
EDT065	Household Waste Recycling Centres – reuse shops	-0.050	0.000	0.000	0.000
EDT066	Review and management of contracts in Highways and Waste	-0.079	0.000	0.000	0.000
EDT067	Highways commercialisation	-0.161	-0.040	0.000	0.000
EDT068	Re-model back office support structure	-0.090	0.000	0.000	0.000
EDT069	Highways Services	-0.100	0.000	0.000	0.000
CES001	Additional efficiencies in staffing and operations to progress the Adult Learning service towards its goal of being cost neutral.	0.000	-0.240	0.000	0.000
CES002	Achieving economies of scale in our Customer Service Centre by expanding the services that we deliver.	0.000	-0.100	0.000	0.000
CES003	Reviewing processes and operating model to drive further efficiencies within Customer Services.	-0.177	0.000	0.000	0.000
CES004	Reducing the costs of our recycling centre contracts.	-0.150	0.000	0.000	0.000
CES005	Adjusting our budget for recycling centres in line with predicted waste volumes.	-0.200	0.000	0.000	0.000
CES006	Saving money by renegotiating our highways contracts.	-0.250	0.000	0.000	0.000
CES007	Saving money by purchasing fire service equipment, rather than leasing it.	-0.250	0.000	0.000	0.000
CES008	Reviewing posts in our Culture and Heritage service to ensure that we have the right number of staff with the right mix of skills.	-0.120	0.000	0.000	0.000
CES009	Saving money in our post room by reducing staff and the costs of our contracts.	-0.065	0.000	0.000	0.000

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Appendix 1: Norfolk County Council Revenue Budget 2020-21

Community and Environmental Services					
Final Budget change forecast 2020-24					
Reference		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
CES010	Reviewing staffing and vacancies in Trading Standards to ensure that we have the right number of staff with the right mix of skills.	-0.089	0.000	0.000	0.000
CES011	Reviewing vacancies in Waste Services to ensure that we have the right number of staff with the right mix of skills.	-0.032	0.000	0.000	0.000
CES012	Saving money by maintaining recycling credit payments to Voluntary and Community Groups at 2019-20 levels.	-0.005	0.000	0.000	0.000
CES013	Saving money on treating street sweeping arisings by re-procuring our contract.	-0.010	0.000	0.000	0.000
CES014	Adjusting budget for recycling credits in line with predicted recycling volumes.	-0.008	0.000	0.000	0.000
CES015	Saving money by maintaining recycling credit rates to District Councils for some materials at 2019-20 levels.	-0.040	0.000	0.000	0.000
CES016	Matching the contribution made by Districts to the Waste Partnership communications budget.	-0.010	0.000	0.000	0.000
CES017	Reviewing the operation of Museum catering facilities to make them more commercial.	0.000	-0.035	0.000	0.000
CES018	Saving money and increasing income by reviewing Culture and Heritage service room hire arrangements to make more cost effective use of space.	-0.020	0.000	0.000	0.000
CES019	Reducing the learning and development budget, to reflect the increase in apprenticeships, e-learning and other on-the-job training.	-0.030	0.000	0.000	0.000
CES020.1	Income generation across various Community and Environmental Services budgets. (Trading Standards calibration)	-0.025	0.000	0.000	0.000
CES020.2	Income generation across various Community and Environmental Services budgets. (Trading Standards trusted trader)	-0.024	0.000	0.000	0.000
CES020.3	Income generation across various Community and Environmental Services budgets. (Norfolk Records Office)	-0.020	0.000	0.000	0.000
CES020.4	Income generation across various Community and Environmental Services budgets. (Relocation from Gressenhall)	-0.045	0.000	0.000	0.000
CES020.5	Income generation across various Community and Environmental Services budgets. (Escape Room income)	-0.015	0.000	0.000	0.000
CES020.6	Income generation across various Community and Environmental Services budgets. (Planning)	-0.030	0.000	0.000	0.000
CES020.7	Income generation across various Community and Environmental Services budgets. (Enterprise Zone support)	-0.015	0.000	0.000	0.000
CES020.8	Income generation across various Community and Environmental Services budgets. (Developer travel plans)	-0.030	0.000	0.000	0.000

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Community and Environmental Services					
Final Budget change forecast 2020-24					
Reference		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
CES020.9	Income generation across various Community and Environmental Services budgets. (Equality and Diversity)	-0.005	0.000	0.000	0.000
CES021	Highways works - capitalisation of activities to release a revenue saving	-0.541	0.000	0.000	0.000
PHE002	Adjusting the budget for our Healthy Lifestyles and Stop Smoking services in line with predicted take-up of services	-0.280	0.000	0.000	0.000
PHE003	Review the sexual health services we commission and work better with providers to make services more efficient and reduce budget in line with predicted spend	-0.056	0.000	0.000	0.000
PHE004	Use of Public Health reserves	-1.164	-0.500	1.664	0.000
		-5.013	-2.765	1.264	0.000
	BASE ADJUSTMENTS				
	Revised Public Health grant	-0.685	0.000	0.000	0.000
	Brexit Grant funding	-0.088	0.088	0.000	0.000
	Funding for Fire pension employer rate pressure	-0.233	0.000	0.000	0.000
		-1.006	0.088	0.000	0.000
	COST NEUTRAL ADJUSTMENTS				
	Depreciation transfer	2.169	0.000	0.000	0.000
	Debt management transfer	0.016	0.000	0.000	0.000
	CES to S&G - Complaints Reporting	-0.008	0.000	0.000	0.000
	S&G to CES - Head of Paid Service	0.011	0.000	0.000	0.000
	CS to CES - Road Crossing Patrols	0.269	0.000	0.000	0.000
	ASS to CES - PH Voluntary Sector Infrastructure	0.142	0.000	0.000	0.000
	ASS to CES - PH Citizen Advice Bureau	0.191	0.000	0.000	0.000
	ASS to CES - PH Beacon Domestic Abuse	0.040	0.000	0.000	0.000
	CS to CES - PH Beacon Domestic Abuse	0.040	0.000	0.000	0.000
	S&G to CES - PH Health & Well Being	0.189	0.000	0.000	0.000
	ASS to CES - PH domestic abuse	0.060	0.000	0.000	0.000
	ASS to CES - PH Community Development Workers	0.300	0.000	0.000	0.000
	ASS to CES - PH Falls prevention	0.200	0.000	0.000	0.000
	ASS to CES - PH Health at work	0.040	0.000	0.000	0.000
	CS to CES - PH Positive activities in refuges	0.093	0.000	0.000	0.000
	CS to CES - PH Substance misuse workers	0.233	0.000	0.000	0.000
	CS to CES - PH Children's Services activities delivering Public Health outcomes TBC	0.144	0.000	0.000	0.000
	CS to CES - PH Community development (community and partnership teams)	0.200	0.000	0.000	0.000
	CES to FCS - TFM Premises Budgets	-1.733	0.000	0.000	0.000
	FCS to CES - Income generation – Library and Information Service	0.003	0.000	0.000	0.000

ANNEXE 1**Appendix 1: Norfolk County Council Revenue Budget 2020-21****Community and Environmental Services****Final Budget change forecast 2020-24**

Reference		2020-21	2021-22	2022-23	2023-24
		£m	£m	£m	£m
	CS to CES - ECFS Calls	0.027	0.000	0.000	0.000
	FCS to CES Premises inflation from CPT to NCLS	0.003	0.000	0.000	0.000
	CES to FCS - Fire Premise to CPT	-1.273	0.000	0.000	0.000
	CES to S&G Transfer following Full Council Budget amendment (Norfolk Futures)	-0.005	0.000	0.000	0.000
	ASS to CES – Top slicing for stationery	0.001	0.000	0.000	0.000
	S&G to CES – 0.3fte G grade post Democratic Services to Trading Standards	0.026	0.000	0.000	0.000
	CES to FCS Rent and wayleave income to CPT	0.005	0.000	0.000	0.000
	CES to FG lease budgets CFL018 CFL047 CFL065	0.190	0.000	0.000	0.000
		1.575	0.000	0.000	0.000
	NET BUDGET	163.471	169.733	176.597	182.606

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Appendix 1: Norfolk County Council Revenue Budget 2020-21

Strategy and Governance

9.24. The Strategy and Governance department will support the council to be an effective organisation, providing a set of central professional functions which are future-looking and sustainable. The department will support the council to positively anticipate change, manage risk, make improvements and develop clear strategies and analyse its performance, to take advantage of opportunities and respond to challenges that face local government today.

9.25. The Strategy and Governance department will provide an integrated and effective service that supports the council to have a strategy driven approach and deliver critical central services, drive change and transformation to become better at what it does. It will do so by:

- Developing the **strategic planning framework** and ensuring that there is clear focus on long term goals and ambitions;
- Supporting the **business planning processes**, making sure all long-term goals are translated into actions;
- Developing the NCC people vision and **workforce plans** to ensure the right workforce, skills and ways of working now and in the future;
- Enabling **evidence and intelligence led decision** making by providing accessible information and resources in a timely and meaningful way;
- Delivering strategic **performance reporting** and **statutory returns**, ensuring the council remains focused on the delivery of its priorities whilst meeting its statutory obligations;
- Developing **strategic communications and marketing** support, telling the story of Norfolk and ensuring that citizens are kept at the heart of all that we do;
- Working across the council and the local government system to grow **innovative partnership** initiatives;
- Raising the council and the County's **profile** by influencing local, national and regional agendas; and
- 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.

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Appendix 1: Norfolk County Council Revenue Budget 2020-21

Table 23: Detailed budget change forecast Strategy and Governance 2020-24

Strategy and Governance					
Final Budget change forecast 2020-24					
Reference		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
	OPENING BUDGET	8.657	9.365	10.005	10.667
	ADDITIONAL COSTS				
	Economic / Inflationary				
	Basic Inflation - Pay (2% for 20-21, 3% 21-22 to 23-24)	0.305	0.527	0.544	0.544
	Basic Inflation – Prices	-0.003	-0.015	-0.014	-0.014
	Demand / Demographic				
	Coroners - additional cost for storing bodies	0.080	0.080	0.080	0.080
	NCC Policy				
	Norfolk Futures transformation budget	-1.000	0.000	0.000	0.000
	Leader's Office Business Manager (Scale K)	0.052	0.000	0.000	0.000
	Critical capability uplift to ensure Intelligence & Analytics support across all services	0.500	0.000	0.000	0.000
	Coroners Officers administrative team (12 FTE) transfer from Police	0.000	0.048	0.051	0.105
		-0.066	0.640	0.661	0.715
	SAVINGS				
CMM047	Registrars Service – external income	-0.150	0.000	0.000	0.000
P&R086	Coroners relocation to County Hall	-0.050	0.000	0.000	0.000
P&R099	Managing Director's Department savings to be identified including use of one-off reserves in 2018-19	-0.187	0.000	0.000	0.000
P&R099	Remove MDD savings delivered through one-off measures	1.000	0.000	0.000	0.000
P&R103	Saving resulting from a review of Norfolk Futures budgets, risks, and assumptions to achieve a saving without a direct impact on delivery of the transformation programme.	0.500	0.000	0.000	0.000
SGD001	Reviewing staffing and vacancies across Strategy and Governance to make savings by continuing to hold vacancies and seeking more opportunities to bring in project funding for staff, particularly in Strategic Services and Intelligence and Analytics.	-0.320	0.000	0.000	0.000
SGD002	Reducing our spending on supplies and services by 5%.	-0.155	0.000	0.000	0.000
SGD003	Reducing our spending on ICT.	-0.025	0.000	0.000	0.000
		0.613	0.000	0.000	0.000
	COST NEUTRAL ADJUSTMENTS				
	CES to S&G - Complaints Reporting	0.008	0.000	0.000	0.000
	S&G to CES - Head of Paid Service	-0.011	0.000	0.000	0.000
	FG to S&G - Increased security at Council	0.013	0.000	0.000	0.000
	S&G to CES - PH Health & Well Being	-0.189	0.000	0.000	0.000

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ANNEXE 1**Appendix 1: Norfolk County Council Revenue Budget 2020-21**

Strategy and Governance					
Final Budget change forecast 2020-24					
Reference		2020-21	2021-22	2022-23	2023-24
		£m	£m	£m	£m
	S&G to FCS - Registrars & Coroners to Property	-0.067	0.000	0.000	0.000
	CES to S&G Transfer following Full Council Budget amendment (Norfolk Futures)	0.005	0.000	0.000	0.000
	CES/S&G - 0.3fte G grade post Democratic Services to Trading Standards	-0.026	0.000	0.000	0.000
	Information Management Team from IMT to Democratic Services	0.429	0.000	0.000	0.000
		0.161	0.000	0.000	0.000
	NET BUDGET	9.365	10.005	10.667	11.382

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Appendix 1: Norfolk County Council Revenue Budget 2020-21

Finance and Commercial Services

9.26. 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.

9.27. These objectives have informed the approach to identifying budget proposals which minimise the impact on front line services.

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Appendix 1: Norfolk County Council Revenue Budget 2020-21

Table 24: Detailed budget change forecast Finance and Commercial Services 2020-24

Finance and Commercial Services					
Final Budget change forecast 2020-24					
Reference		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
	OPENING BUDGET	26.395	30.811	31.468	32.031
	ADDITIONAL COSTS				
	Economic / Inflationary				
	Basic Inflation - Pay (2% for 20-21, 3% 21-22 to 23-24)	0.447	0.680	0.700	0.700
	Basic Inflation - Prices	0.201	0.214	0.223	0.223
	NCC Policy				
	Revenue pressure for HR and Finance System replacement	0.000	0.412	-0.360	-0.052
	Procurement resources to strengthen the sourcing team, and provide contract transition function	0.160	0.000	0.000	0.000
	B&A Adults – revised staffing structure to increase resilience	0.036	0.000	0.000	0.000
	B&A Children's – revised staffing structure to increase resilience	0.044	0.000	0.000	0.000
	Transfer to renewable energy sources (Corporate Board 04/06/19)	0.015	0.000	0.000	0.000
		0.903	1.307	0.563	0.871
	SAVINGS				
B&P002	Property – centralisation of budgets – further centralisation of existing property budgets in Services will allow maximisation of savings opportunities – savings estimated at 5% of current budget each year	-0.400	0.000	0.000	0.000
DIE001	IMT – various savings within IMT including: · Exit from the HPE contract · Restructuring and headcount reduction (management and technical support costs) · Income generation, particularly services for schools	-0.700	0.000	0.000	0.000
P&R027 /P&R058 /P&R060	Delay of Property savings	-0.650	-0.650	0.000	0.000
P&R090	Finance Exchequer Services savings	0.460	0.000	0.000	0.000
BTP005	Reviewing all of Norfolk County Council's traded services to make sure they are run on a fair commercial basis - IMT Schools	-0.099	0.000	0.000	0.000
		-1.389	-0.650	0.000	0.000
	COST NEUTRAL ADJUSTMENTS				
	Depreciation transfer	1.426	0.000	0.000	0.000
	Debt management transfer	0.005	0.000	0.000	0.000
	REFCUS	-0.121	0.000	0.000	0.000
	CES to FCS - TFM Premise Budgets	1.733	0.000	0.000	0.000

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Finance and Commercial Services					
Final Budget change forecast 2020-24					
Reference		2020-21	2021-22	2022-23	2023-24
		£m	£m	£m	£m
	S&G to FCS - Registrars & Coroners to Property	0.067	0.000	0.000	0.000
	FCS to CES - Income generation – Library and Information Service	-0.003	0.000	0.000	0.000
	FCS to CES Premises inflation from CPT to NCLS	-0.003	0.000	0.000	0.000
	CS to FCS transfer of properties	0.688	0.000	0.000	0.000
	FCS to S&G Information Management Team from IMT to Democratic Services	-0.429	0.000	0.000	0.000
	CES to FCS - Fire Premise to CPT	1.273	0.000	0.000	0.000
	FG to FCS transitional relief on Fire Station business rates	0.060	0.000	0.000	0.000
	FCS to ASS - Funding for Liquid Logic Support Team	-0.093	0.000	0.000	0.000
	ASS to FCS - Changes to charging	0.275	0.000	0.000	0.000
	FCS to CES Rent and wayleave income from Libraries	-0.005	0.000	0.000	0.000
	FCS to FG lease budget CFL068	0.029	0.000	0.000	0.000
		4.902	0.000	0.000	0.000
	NET BUDGET	30.811	31.468	32.031	32.901

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Appendix 1: Norfolk County Council Revenue Budget 2020-21

Finance General

9.28. Finance General is a corporate budget, which includes council wide expenditure and income. This is a net income budget as total income exceeds total expenditure. A net income budget is shown as a negative figure.

9.29. Finance General includes employee related costs such as corporate pension payments due to changes following the actuarial valuation of the pension fund. Pension deficit recovery is identified as a cash sum and is budgeted for in Finance General. Other expenditure includes redundancy and pension payments arising from organisational review; grant payments; audit fees; member allowances; and capital financing costs. Income includes funding through the Business Rates Retention System; interest from investments; and depreciation on capital from services.

Table 25: Detailed budget change forecast Finance General 2020-24

Finance General					
		Final Budget change forecast 2020-24			
Reference		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
	OPENING BUDGET	-245.745	-225.178	-202.022	-196.958
	ADDITIONAL COSTS				
	Economic / Inflationary				
	Basic Inflation - Pay (2% for 20-21, 3% 21-22 to 23-24)	0.372	0.590	0.653	0.653
	Basic Inflation - Prices	0.052	0.052	0.053	0.053
	Legislative Requirements				
	NCC Pensions valuation 31 March 2019 for 2020-21 to 2022-23	3.617	0.152	0.168	1.152
	Other Pensions valuation 31 March 2019 for 2020-21 to 2022-23	-2.796	0.848	0.848	0.848
	Apprenticeship Levy increase (payroll growth)	0.036	0.000	0.000	0.000
	Environment Agency Levy increase	0.050	0.050	0.050	0.050
	Increased IFCA Precept	0.011	0.011	0.011	0.011
	Assumed Brexit pressures	-0.088	0.000	0.000	0.000
	NCC Policy				
	Minimum Revenue Provision	5.500	21.000	3.000	3.000
	Treasury Management costs	3.690	0.216	1.643	2.902
	Debt restructuring unwinding	0.055	0.000	0.000	0.000
	Establish pool car scheme revenue budget	0.060	0.000	0.000	0.000
	Implementation of council tax activities	0.011	-0.105	0.000	0.000
	End of principal repayment from Learning Skills Council	0.033	0.000	0.000	0.000
		10.603	22.815	6.426	8.669
	SAVINGS				
P&R098	Delay in Norse dividend saving	-0.750	0.000	0.000	0.000

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Appendix 1: Norfolk County Council Revenue Budget 2020-21

Finance General					
Final Budget change forecast 2020-24					
Reference		2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
P&R105	Deliver a saving by paying part of the Council's employer pension contributions to the Norfolk Pension Fund in advance so that it can generate increased investment returns.	-1.000	0.000	0.000	0.000
P&R107	Increased income from ESPO dividend	-0.080	0.000	0.000	0.000
P&R110	Airport pensions	-0.017	0.000	0.000	0.000
P&R111	Insurance fund surplus contribution	1.000	0.000	0.000	0.000
FCS001	Making a one-off saving from our organisational change and redundancy budgets.	-0.500	0.500	0.000	0.000
FCS002	Recognising additional income forecast from our business rates pilot.	-0.300	0.300	0.000	0.000
BTP001-5	2020-21 Business Transformation savings	-0.661	-4.388	-1.412	-0.412
		-2.308	-3.588	-1.412	-0.412
	BASE ADJUSTMENTS				
	Core funding and business rates retention	0.064	0.000	0.000	0.000
	Levy account surplus	2.340	0.000	0.000	0.000
	New Homes Bonus Grant	-0.009	0.000	0.000	0.000
	Business Rates Pilot	-3.879	3.879	0.000	0.000
	Extended Rights to Free Travel Grant	0.050	0.050	0.050	0.050
	Brexit Grant Funding	0.088	0.000	0.000	0.000
		-1.346	3.929	0.050	0.050
	COST NEUTRAL ADJUSTMENTS				
	Depreciation transfer	-3.651	0.000	0.000	0.000
	Debt management transfer	-0.025	0.000	0.000	0.000
	REFCUS transfer	16.246	0.000	0.000	0.000
	FG to S&G - Increased security at Council	-0.013	0.000	0.000	0.000
	FG to FCS transitional relief on Fire Station business rates	-0.060	0.000	0.000	0.000
	ASS to FG - NorseCare and IM pensions	1.338	0.000	0.000	0.000
	CES to FG lease budgets CFL018 CFL047 CFL065	-0.190	0.000	0.000	0.000
	FCS to FG lease budget CFL068	-0.029	0.000	0.000	0.000
		13.617	0.000	0.000	0.000
	NET BUDGET	-225.178	-202.022	-196.958	-188.650

10. Public Consultation

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

10.2. In 2020-21 the council has consulted on the proposal to increase council tax by 1.99% and to increase the Adult Social Care precept by 2.00%. The council also invited comments on the approach to budget savings or any of the individual proposals themselves.

- Consultation took place between 23 October 2019 and 10 December 2019 with consultation feedback available for Cabinet in January 2020;
- Proposals were published and consulted on via the Council's consultation hub, Citizen Space:
<https://norfolk.citizenspace.com/consultation/budgetconsultation2020-2021/>;
- Letters were sent to key partners and stakeholders;
- Consultation documents were made available in large print and easy read as standard, and other formats on request;
- The council made extra effort to find out the views of people who may be affected by the proposals and carry out impact assessments;
- Opportunities for people to have their say on budget proposals and council tax were promoted through the Your Norfolk residents' magazine, news releases, online publications, and social media; and
- Every response has been read in detail and analysed to identify the range of people's opinions, any repeated or consistently expressed views, and the anticipated impact of proposals on people's lives.

Your views on our budget consultation 2020-21: consultation feedback

10.3. We received 203 responses to this consultation. The majority (158 or 77.8%) replied as individuals. Eleven respondents told us they were responding on behalf of a group, organisation or business.

10.4. The majority of those responding (101) either strongly agreed (48) or agreed (53) with our proposal to increase Norfolk County Council's share of the council tax by 1.99% in 2020-21.

10.5. The main reasons people gave for their agreement was that they felt that there was a cost associated with providing services and/or the cost of providing services was increasing. People felt that services needed to be maintained or protected, especially frontline services and adult social care. Some of those agreeing felt that the increase was fair and affordable. People also cited the reduction in Government funding and their feeling that there was no alternative but to increase council tax.

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- 10.6. Of those who were not supportive of the proposal (77), 51 strongly disagreed and 26 disagreed.
- 10.7. Many of those against an increase stated that earnings were not keeping up with increases in council tax or that an increase affected those on fixed incomes, such as pensioners. Others felt the proposed increase was unaffordable, that council tax keeps increasing or that the proposed increase was too large.
- 10.8. People called for the council to make greater efficiencies. Some questioned whether council tax was providing value for money, the need for more Government funding was raised and there were some who felt that council tax in general, or our proposal, was unfair.
- 10.9. When asked about our proposal to raise the adult social care precept by 2% in 2020-21 the majority of those responding (113) either strongly agreed (58) or agreed (55).
- 10.10. People stated that their response was for the same reasons as they agreed with our proposals around general council tax – that they understood that services cost and felt that social care was needed. Several felt that adult social care was a priority, that frontline services should be protected and that we had a responsibility to support vulnerable people. People also referred to the Government cuts to local government funding. Some felt the increase was fair whilst others thought the increase could be even higher. Some took the opportunity to comment on charges for social care in general and our adult social care charging policy in particular.
- 10.11. Of those who were not supportive of the proposal (62), 45 strongly disagreed and 17 disagreed.
- 10.12. People stated that their response was for the same reasons as they disagreed with the general part of council tax increasing, in particular that their earnings were not keeping up and the increase was unaffordable. Some expressed the view that the adult social care precept was unfair or were concerned that the council would waste the income generated.
- 10.13. A full summary of the consultation feedback on the proposals above can be seen at [Appendix 5](#). This also includes a summary of the comments that people made in respect of our overall approach to budget in departments and specific budget proposals.

11. Representatives of non-domestic ratepayers

- 11.1. The Council has a statutory duty under Section 65 of the Local Government Finance Act 1992 to consult with representatives of non-domestic ratepayers. A meeting with representatives of the business sector was held on 18 December 2019. Representatives were provided with a summary of the financial challenges facing the council in 2020-21, and an overview of the proposals for budgets.

12. Medium Term Financial Strategy

- 12.1. The Medium Term Financial Strategy builds on the 2020-21 Revenue Budget to provide a longer term view of the council's financial prospects, risks and challenges in order to inform future financial planning. The MTFS is set out in [Appendix 2](#).

13. Capital

- 13.1. A summary of the Capital Programme is set out in the separate Capital Programme report elsewhere on the agenda.

14. Future developments and issues

- 14.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) recognises that the challenging financial environment has placed local authority finances under intense pressure. High profile failures of other local authorities have inevitably raised concerns about weaknesses in financial management across the sector. In response, CIPFA has published a Financial Management Code (the FM Code) and a Financial Resilience Index, both of which may have implications for the council's budget setting process in future years as described in further detail below.

The Financial Management Code

- 14.2. The FM Code is intended to provide guidance about good and sustainable financial management, along with assurance that resources are being managed effectively. As such the code requires authorities to demonstrate that processes are in place which satisfy the principles of good financial management. It identifies risks to financial sustainability and sets out details of a framework of assurance which reflects existing successful practices across the sector. Crucially, the code establishes explicit standards of financial management, and highlights that compliance with these is the collective responsibility of elected members, the chief finance officer and the wider Corporate Board.
- 14.3. Although the FM Code is not statutory, CIPFA considers that it *"it is difficult to envisage circumstances in which the absence of statutory backing for the FM Code would provide a reason for non-compliance."*¹⁹ The code builds on elements of other CIPFA codes and in particular has clear links with The Prudential Code for Capital Finance, the Treasury Management in the Public Sector Code of Practice and the Code of Practice on Local Authority Accounting in the United Kingdom.
- 14.4. The code is based on the following principles:
- Organisational **leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
 - **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
 - Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.

¹⁹ CIPFA Financial Management Code, page 12, <https://www.cipfa.org/policy-and-guidance/publications/f/financial-management-code>.

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- Adherence to professional **standards** is promoted by the leadership team and is evidenced.
- Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

14.5. These principles are underpinned by seventeen Financial Management Standards with which the council will need to demonstrate compliance. The manner in which this is to be achieved is not prescribed, and CIPFA will be issuing further supporting guidance during the 2020-21 financial year. However, the Code sets out that it relies on *“the local exercise of professional judgement backed by appropriate reporting. To ensure that self-regulation is successful, compliance with the FM Code cannot rest with the CFO acting alone,”* and emphasises that it *“should not be considered in isolation and accompanying tools, including the use of objective quantitative measures of financial resilience, should form part of the suite of evidence to demonstrate sound decision making.”*

14.6. The FM Code has been published to take effect from 1 April 2020, but 2020-21 is a “shadow year,” and full compliance is not expected until 2021-22. Although many of the requirements of the FM Code represent good practice which should already be reflected in the council’s planning, policies and systems, it is therefore proposed that the council undertake a review during 2020-21 in order to develop an action plan to be presented to Cabinet as appropriate to ensure compliance with the FM Code ahead of the full implementation alongside the 2021-22 Budget. It should be noted that there are a number of clear synergies between the FM Code and the recommendations emerging from the recent LGA Peer Review, which recognised that *“the council has successfully addressed the financial challenge to date in balancing its budget”*²⁰ but also recommended in relation to finance and budget setting that:

- Pressure needs to be maintained in order to ensure anticipated benefits from the authority’s investments, aimed at reducing demand in social care, come to fruition and the financial sustainability of the council is protected.
- The council needs to carefully manage the long-term budget commitments that result from significant new capital investment.
- There should be the establishment of an approach whereby greater consistency and clarity exists with the budget, in relation to Directorates spending in line with what is made available to them year on year and their delivery against their agreed savings targets.

14.7. The council’s response to the FM Code will therefore need to take account of, and in turn inform, the action plan which has been developed in response to the Peer Review.

The Financial Resilience Index

14.8. CIPFA has also developed and published (16 December 2019) a Financial Resilience Index, which presents aggregated statistics on councils across a suite of indicators and is intended to provide a tool for recognising potential signs of risk to councils’ financial stability, and prompting appropriate action.

²⁰ Corporate Peer Challenge Norfolk County Council Feedback Report, Annex A to Item 16, 2 December 2019 Cabinet Paper.

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- 14.9. The index is an analytical tool designed to provide councils with an understanding of their position in terms of financial risk. The index is made up of a set of indicators, which show a council's position on a range of measures associated with financial risk, and can be used to compare similar authorities. It has been created from publicly available data and financial statistics. The current version of the index uses data from the last complete financial year, i.e. 2018-19. Further details of the results and implications of the index are set out in the Statement on the Robustness of Estimates ([Appendix 4](#)).

15. Summary

- 15.1. The information included in budget papers needs to be considered when Cabinet recommends a budget to the County Council. Issues that need to be considered and where decisions are required are:

- Additional costs and savings options;
- Level of general balances;
- Level of reserves and provisions;
- Robustness of estimates;
- Overall level of the 2020-21 Revenue Budget and proposals for 2021-22 to 2023-24;
- Overall level of the 2020-21 to 2022-23+ Capital Programme;
- Prudential Code indicators for 2020-21;
- Level of the council tax / precept for 2020-21 and for the period 2021-22 to 2023-24;
- Implications of the Revenue Budget for 2021-22 to 2023-24;
- Responses from the public consultation on the budget; and
- The outcome of equality and rural impact assessments and proposed mitigations.

- 15.2. The proposed 2020-21 Budget represents a balanced and deliverable package of measures which can be provided within the council's expected resources for the year. However, a number of significant risks and uncertainties remain, as set out within this paper, which will need to continue to be kept under close review up to final budget setting by the County Council in February 2020.

Norfolk County Council Medium Term Financial Strategy 2020-21 to 2023-24

1. Introduction

- 1.1. The Medium Term Financial Strategy (MTFS) 2020-24 replaces the Medium Term Financial Strategy 2019-22.
- 1.2. In preparing the 2020-24 MTFS the council faces unprecedented levels of uncertainty about both funding allocations and the final details of the funding system for the future. The financial implications for the latter three years of the MTFS (2021-24) are unknown, and therefore remain subject to considerable change and uncertainty. This will contribute to making budget planning activity for 2021-22 particularly challenging.
- 1.3. In the context of this uncertainty, the MTFS sets out the latest available information about national and local factors which are likely to impact upon budget planning decisions. This year, the MTFS has been produced in the context of the new CIPFA Financial Management Code. The MTFS forms a key part of the council's financial management approach and supports the identification and management of the key risks to the council's financial sustainability. As such it details funding changes and explains the strategy for how the council intends to manage these, to make transformative change, and plan new initiatives, while continuing to meet its statutory responsibilities in the medium term.
- 1.4. As detailed more fully in the Revenue Budget paper, the funding of social care remains a major issue for the County Council. Pressures are being experienced in key areas such as Adult Social Care and Children's Services (including children looked after, family support to enable children to remain at home, home to school transport and the High Needs Block of Dedicated Schools Grant).
- 1.5. Alongside the ongoing impact from changes such as the National Living Wage, these and other pressures continue to give rise to significant additional costs for the organisation and have contributed to a budget deficit forecast in the later years of this financial strategy. As a result, the council will need to develop early and robust responses, including significant further savings plans, during future budget planning rounds. Taking account of the significant uncertainty about funding, and in view of the scale of the challenge to be addressed in 2021-22, the council will need to undertake early and wide-ranging budget planning to identify a sufficient level of realistic and deliverable savings.

2. National Factors

- 2.1. At the time of preparing this Strategy in December 2019, the last major fiscal event was when the former Chancellor of the Exchequer, Philip Hammond, announced the Autumn Budget 2018²¹ in October 2018. The Government's 2018 Budget was based on planning for all eventualities in relation to the UK leaving the European Union (EU), but reserved the right to upgrade the Spring Statement 2019 to a full Budget if there were material changes to economic or fiscal forecasts, although in the event this was not necessary.

²¹ <https://www.gov.uk/government/collections/budget-2018>

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Appendix 2: Norfolk County Council Medium Term Financial Strategy 2020-21 to 2023-24

- 2.2. Therefore, when the former Chancellor announced the **2019 Spring Statement**, on 13 March 2019, it was essentially an update on the overall UK economy as informed by the Office for Budget Responsibility's (OBR) forecasts, and there were no major tax or spending changes. The Spring Statement was predicated on an EU exit deal being agreed. The OBR forecast indicated that economic growth in the UK and globally had slowed since the Budget in October, leading near-term GDP forecasts being revised down. This was offset by better than expected tax receipts in the final months of 2018-19, which was assumed to be ongoing. Together with downward pressure on debt interest spending from lower market interest rates, the overall outcome was a modest medium-term improvement in the public finances. Most of this was taken up in lower borrowing, but there was some fiscal loosening with higher planned public services spending. The key announcement of the Spring Statement was to confirm that the Government planned to hold a full multi-year spending review over the summer to conclude alongside the Autumn Budget 2019, which was intended to set the departmental budgets for three years, subject to an EU deal being agreed.
- 2.3. However, in July 2019, Boris Johnson was elected leader of the Conservative Party and became Prime Minister, undertaking a Cabinet reshuffle, with Sajid Javid appointed as Chancellor of the Exchequer. Uncertainty around the process of Britain leaving the EU, restricted the scope to undertake a full Comprehensive Spending Review as previously planned. As a result, on 4 September 2019, the new Chancellor announced the outcomes of a one-year Spending Round for 2020-21 only. A full multi-year spending review is expected to be conducted during 2020 for capital and resource budgets beyond 2020-21, which is due to reflect the nature of the future relationship with the EU and set out further plans for long-term reform.
- 2.4. In October 2019, parliament passed the Early Parliamentary General Election Act 2019 to enable a snap general election to be held 12 December 2019. The early general election resulted in the cancellation of the planned Autumn Budget 2019, originally scheduled for 6 November, and to the delay of publication of the 2020-21 provisional Local Government Finance Settlement, expected early December but ultimately announced 20 December 2019. The next Budget is expected 11 March 2020.
- 2.5. The Office for Budget Responsibility (OBR) had also intended to publish an updated Economic and Fiscal Outlook to set out forecasts for the UK's public finances alongside the Autumn Budget 2019. When the Autumn Budget was cancelled, the OBR planned to publish a technical restatement of the March 2019 forecast, but on Cabinet Secretary advice publication was delayed until after the General Election. The restated March 2019 forecast²² was ultimately published 16 December 2019 in the form that it was signed off by the Budget Responsibility Committee on 6 November. According to the OBR, the restated forecast *"increases measured public sector net borrowing by roughly £20 billion a year, which means that the deficit would still be in excess of £30 billion in the final year of the forecast in 2023-24. By contrast, the restatement lowers our forecast for net debt."*
- 2.6. The general election on 12 December 2019 resulted in a majority conservative government. A Queen's speech was delivered 19 December 2019 and on 20 December 2019 the Withdrawal Agreement Bill was passed. Following European Parliament approval, UK formally left the EU on 31 January with a withdrawal deal, which will be followed by a transition period until 31 December 2020. During the

²² <https://obr.uk/restated-march-2019-forecast/>

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Appendix 2: Norfolk County Council Medium Term Financial Strategy 2020-21 to 2023-24

transition period the UK and EU will negotiate a free trade deal to take effect from 1 January 2021. The Bill rules out any extension of the transition period.

The process of leaving the EU and impact upon European programmes that Norfolk County Council is involved in

- 2.7. Until now, there has been continuing uncertainty around the process and terms upon which the Britain will leave the EU, and on 28 October 2019 the Prime Minister accepted the EU's offer of an extension until 31 January 2020. As set out above, the results of the general election have provided greater clarity about the timetable and process for the UK's departure.
- 2.8. The decision to leave the EU taken in June 2016 will have a long-term impact on the European funding available to the county. It also creates a potential workforce risk, as the nature of any immigration policy decided after leaving the EU may result in issues for the care sector.
- 2.9. Norfolk County Council and "Norfolk plc" has historically benefited from European programmes and we have built up substantial expertise in designing, managing and delivering European projects and programmes. However, the referendum decision also provides an opportunity to influence alternative future funding schemes to benefit our local area.
- 2.10. European funding in Norfolk has been spent on a variety of activity such as:
- Economic growth and regeneration (for example supporting small businesses to start and grow);
 - Skills, worklessness and employment support (for example, supporting unemployed people back into work);
 - Environmental protection (for example, support for landowners to create wildlife habitats);
 - Research and development (for example, support for universities to undertake research); and
 - Agricultural support via the common agricultural policy (for example, subsidies for farmers, and grants for rural economic growth).
- 2.11. In the immediate period following the EU referendum, activity across the range of EU funded programmes available to Norfolk stalled, awaiting advice from central government on how to proceed. Some development time was lost as applicants waited for further news before taking the decision to apply for EU funds.
- 2.12. In October 2016, the then Chancellor announced that all EU funded projects contracted before we leave the EU would be honoured in full. This guarantee includes honouring funding for projects which are due to complete in the years following the UK's departure from the EU. The guarantee is subject to projects meeting two criteria: 1) value for money and 2) fit with national priorities; both of which are tested when projects are assessed. This guarantee has now been extended to cover the transition period, so all projects contracted before 31 December 2020 are covered. This is a welcome extension, since it gives the council additional time to commit the funding allocated so that businesses and organisations can continue to benefit from EU-funded schemes available in our local area until funding contracts expire.

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Appendix 2: Norfolk County Council Medium Term Financial Strategy 2020-21 to 2023-24

- 2.13. The Economic Programmes team have been promoting the EU funding opportunities to potential applicants to maximise drawdown and benefit in Norfolk before we leave the EU and in fact the LEADER programme was fully committed in the summer of 2019. Some additional projects have been approved in December 2019 when some previously awarded grants were returned. This presents a different issue in that there will be no funding remaining to be allocated through LEADER during the transition period; the council has lobbied for transition funding to cover this gap but the message from DEFRA/Rural Payments Agency is that this is not currently available.
- 2.14. The Government has pledged to replace EU funding with the Shared Prosperity Fund²³. However, as at September 2019, the detailed proposals for this fund have not yet been published and an expected consultation document has not yet been issued. The council will respond to this, as with other funding consultations, to ensure that the Norfolk voice continues to be heard and influences the shape of future funds.
- 2.15. The council continues to monitor the special position of the INTERREG France (Channel) England programme which we manage. Whilst UK partner funds are guaranteed by HM Treasury, the position of French partners is less clear. We are working closely with the Ministry for Housing, Communities and Local Government (MHCLG), the Department for Business, Energy and Industrial Strategy (BEIS) and the French authorities to resolve this.

Government policy and economy forecasts

- 2.16. The UK's future relationship with Europe, alongside other policies and decisions by the Government, have a significant impact on the council's planning.
- 2.17. Alongside the spending round²⁴, in September 2019, the Government published an update to its preferred measure of illustrative core spending power, which suggests that Local Government's core spending power will increase by £2.9 billion in total in 2020-21, largely relating to the Government's forecast of increased revenues associated with the 2% increase to local council tax in relation to the adult social care precept and an additional grant of £1 billion in social care funding.
- 2.18. The Bank of England's Monetary Policy Committee (MPC), increased Bank Base Rate from 0.50% to 0.75% on 2 August 2018²⁵. The minutes from the MPC's meetings indicate that future increases will be "gradual" and "limited". Both investment earnings rates and new borrowing rates remain low by historical standards.
- 2.19. The council's treasury management objectives remain safeguarding the timely repayment of principle and interest, whilst ensuring liquidity for cash flow and the generation of investment yield. The council works closely with its external treasury advisors to determine the criteria for high quality institutions, including high quality banks and financial institutions, and local authorities. The council applies a minimum, acceptable credit-rating criteria to generate a pool of highly creditworthy UK and non-UK counterparties which provides diversification and avoids concentration risk. These

²³ <https://researchbriefings.files.parliament.uk/documents/CBP-8527/CBP-8527.pdf>

²⁴ Para 2.28, Spending Round 2019 <https://www.gov.uk/government/topical-events/spending-round-2019>

<https://www.gov.uk/government/publications/spending-round-2019-document/spending-round-2019>

²⁵ Bank Base Rate increase, 2 August 2018, Monetary Policy Committee

<http://www.bankofengland.co.uk/boeapps/iadb/Repo.asp>

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are detailed further in the Annual Investment and Treasury Strategy 2020-21 (elsewhere on the agenda).

- 2.20. The council makes non-treasury investments for policy purposes, for example capital loans to subsidiaries and other companies. These are addressed further in the Annual Investment and Treasury Strategy 2020-21.
- 2.21. The level of commissioning undertaken by the council sees a wide range of services being delivered by partners and through private sector contracts. Contractual obligations are often linked with the Consumer Price Index (CPI), meaning these rates will impact on the council's budget setting activity and medium term planning. CPI²⁶ is currently running at 1.5% (November 2019 data, published 18 December 2019). Over the previous 12 months, it reached its highest in April and July (2%) and is currently at its lowest level.
- 2.22. Some of our waste, highways, and care contracts are experiencing pressures requiring inflation well over CPI. Increases in care costs are driven primarily through pay costs and the National Living Wage increase is likely to incur nearly a 6.2% increase. Details regarding how inflationary increases within identified cost pressures have been calculated are included within the Robustness of Estimates report.
- 2.23. The Government continues to prioritise the integration of the National Health Service and social care in order to improve services for patients and deliver efficiencies. Plans for integration are set out in the local Sustainability and Transformation Programme (STP), which detail the challenges facing health and social care services over the next five years. By 2021 the Norfolk and Waveney STP²⁷ is intended to drive high quality care through integrated delivery, making significant progress towards financial sustainability. Further details about the STP are provided in the "Organisational Factors" section below.

3. The Government's deficit reduction programme

Deficit reduction 2010-11 to 2015-16

- 3.1. From October 2010, the Government implemented significant spending reductions with the aim of reducing the national deficit, which fell more heavily on local government than many other parts of the public sector. Norfolk County Council has absorbed a reduction of **£123.791m** in core funding from Government between 2010-11 and 2015-16.

Deficit reduction plans 2016-17 to 2019-20

- 3.2. In November 2015, the Government announced the outcomes of the Spending Review 2015. This set out plans for departmental budgets for the following four years, up to 2019-20.
- 3.3. The Autumn Budget 2018 signalled the beginnings of a move away from austerity, but had limited impact on local government funding allocations for 2019-20. The Government's relaxation of austerity and manifesto promises in the December 2019

²⁶ Historic CPI indices, 18 December 2019, Office for National Statistics

<https://www.ons.gov.uk/economy/inflationandpriceindices>

²⁷ Norfolk and Waveney STP <https://www.healthwatchnorfolk.co.uk/ingoodhealth/>

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general election mean that the current period of fiscal consolidation may end earlier than expected, but the uncertainty about leaving the EU and the potential associated economic impact, along with other Government spending commitments, makes it unclear whether this will mean the end of the financial challenges facing local government in the medium term. The Government has however previously signalled that Departmental Expenditure Limits will increase in line with inflation from 2020-21.

- 3.4. The provisional Local Government Finance Settlement 2016-17 set out an offer of a four-year funding settlement. As a pre-requisite to access these allocations, the council submitted an [Efficiency Plan](#) to Government, which was accepted. This meant that the council received the multi-year settlement allocations published as part of the 2016-17 settlement for the period to 2019-20 (adjusted for future events such as transfers of functions). From 2015-16 to 2019-20 these allocations saw the council lose **£96.164m** from the Settlement Funding Assessment (SFA).
- 3.5. This will mean that over the ten-year period 2010-11 to 2019-20, the council will have received reductions in core funding from Government of some **£219.955m**.
- 3.6. Following a decade of austerity (since 2009-10) the population of Norfolk has increased by over 6%, and our gross expenditure budget (excluding schools) has reduced by 16.6% in real terms. This equates to over £320 reduction in spend per person in Norfolk which is a larger reduction than the national average of £300 per person.

4. Local factors

- 4.1. In responding to these national pressures, Norfolk County Council is operating in the context of significant change in both the scope and scale of public services and absorbing the government's associated sustained reductions in levels of funding. This pressure on resources has come at a time of increasing levels of demand, and complexity of needs, for many of the services the council provides.
- 4.2. The council remains focussed on meeting the twin challenges of increasing demand and reducing central government funding, whilst minimising the impact on the front-line delivery of services, and delivering the six year business plan *Together, for Norfolk*. This Medium Term Financial Strategy has been developed to support this work to ensure that the council's gross budget of £1.4bn is spent to best effect for Norfolk people.
- 4.3. There are a number of local factors that impact upon services provided or commissioned by Norfolk County Council and therefore affect the budget, yet are (at least in part) outside of the council's control. The most significant of these relate to demographics, the local economy, and ecological pressures.

Demographics

- 4.4. Norfolk's population is an estimated 903,680 in mid-2018²⁸ – an increase of around 5,280 on the previous year²⁹.

²⁸ ONS mid-2018 population estimates (June 2019)

²⁹ ONS Revised population estimates for England and Wales: mid-2012 to mid-2018

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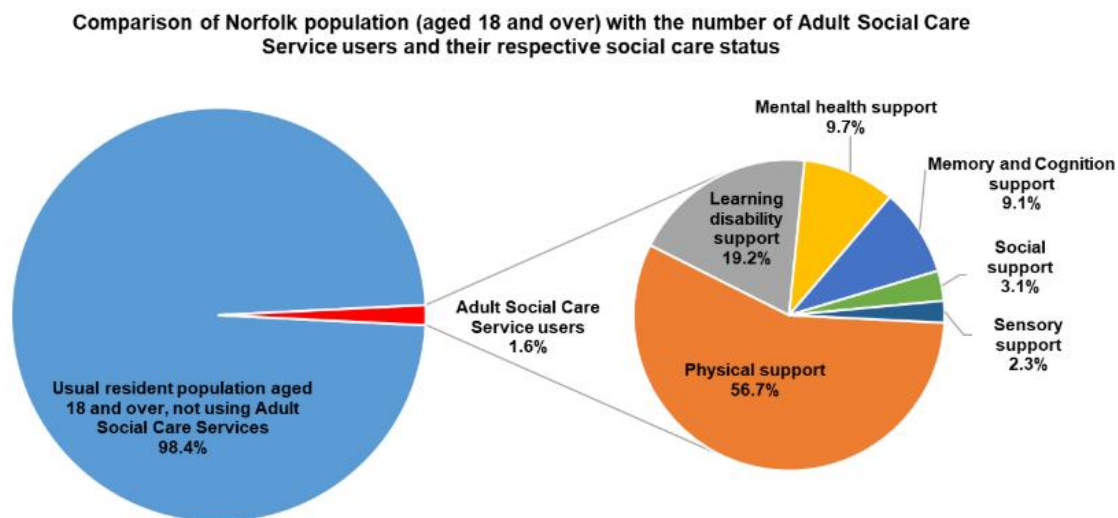
- 4.5. Over the six years between 2012 and 2018, Norfolk's population has increased by 4.5% (or around 38,800 people), compared with an increase of 5.0% in the East of England region and 4.6% in England.
- 4.6. Over the six-year period from 2012 to 2018, in terms of broad age groups, numbers of children and young people (aged 0-15) in the county increased by around 7,505 (increase of 5.2% compared with an increase of 6.1% nationally); numbers of working age adults (aged 16-64) increased by around 6,700 (increase of 1.3% compared with an increase of 2.2% nationally); and numbers of older people (aged 65 and over) increased by around 24,587 (increase of 12.6% compared with an increase of 12.4% nationally).
- 4.7. The estimates for mid-2018 confirm that Norfolk's population has a much older age profile than England as a whole, with 24.3% of Norfolk's population aged 65 and over, compared with 18.2% in England.
- 4.8. The ONS 2016-based population projections are trend-based³⁰, and on this basis, Norfolk's overall population is projected to increase from 2016 to 2026 by around 52,400 people– this is an increase of 5.9% which is below the East of England projected increase of 7.3% and broadly the same as the national projected increase of 5.9%. Norfolk's oldest age groups are projected to grow the quickest over the ten years to 2026, with numbers of 75 to 84-year-olds projected to increase by around 41% and numbers of those aged 85 and over projected to increase by around 24%. This age group is the most likely to require social care, so increases in the size of this older group are likely to have a high impact on the demand for social care services. Numbers of those aged 15 to 29 are projected to fall by around two per cent, with all other age groups projected to increase over the ten years to 2026. Of course, the age structure of the population varies across Norfolk's local authority areas, but in the main, looking forward to 2026, Norfolk continues to have an ageing population.
- 4.9. Looking further ahead, there is projected growth from 2016 to 2041 of around 110,600 people in Norfolk – this is an increase of 12.4% which is below the East of England projected increase of 15.3% and above the national projected increase of 12.1%.
- 4.10. For both timescales, the largest increase in numbers is projected to be in South Norfolk, and the smallest increase in numbers is projected to be in Great Yarmouth. Norfolk's population is projected to exceed one million by 2041.
- 4.11. Further demographic information is provided below, relating to the proportions of adults (aged 18 and over) and children (aged under 18) in Norfolk's population, compared with the proportions who are social care service users, along with their respective social care status.

³⁰ ONS 2018-based subnational population projections (May2019) are based on the Revised population estimates for England and Wales: mid-2012 to mid-2018
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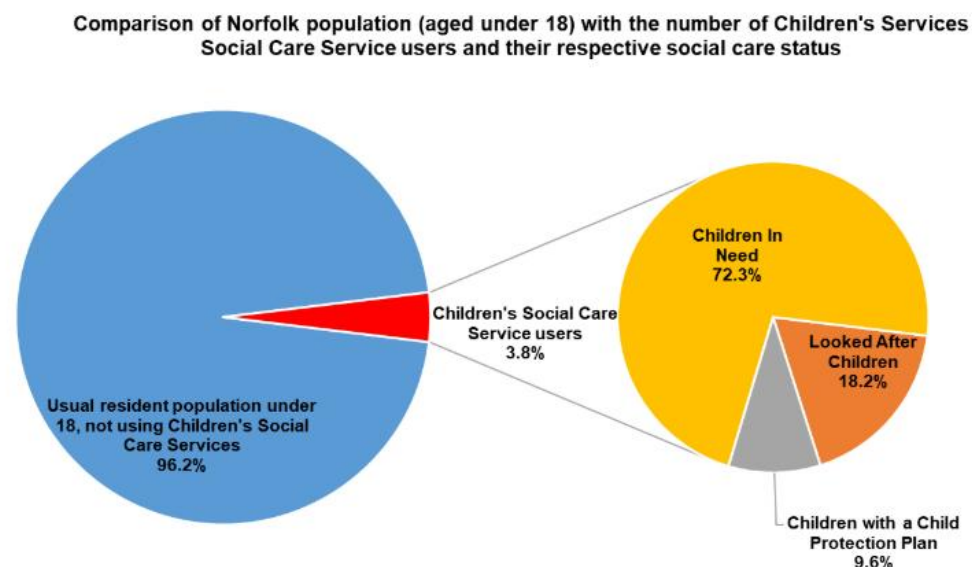
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MTFS Chart 1: Adults demographic information



MTFS Chart 2: Children's demographic information



Population data from mid-2018 ONS estimates; service data all 31/03/2018.

Social Mobility

4.12. Social mobility is a complex, systemic issue affecting many areas and people in Norfolk. To address social mobility, we want to prevent causes of social and economic exclusion and to foster sustainable, prosperous communities. To do this, we need to work across all our services and at all levels of government, private and third sectors. Fair funding for rural areas is also fundamental to us being able to achieve our ambitions for the people of Norfolk.

4.13. Improving social mobility across all generations will provide more sustainable benefits for growth for Norfolk, as high levels of employment are generally protective against inequalities and cycles of decline in geographic communities.

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- 4.14. Although often perceived as an urban issue, the 2017 social mobility commission report³¹ highlights problems in our rural and coastal areas. In the commission's ranking of social mobility, the districts of Breckland, Great Yarmouth, King's Lynn and West Norfolk, North Norfolk and Norwich are amongst the worst 10% in England.
- 4.15. Social mobility is also linked to inter-related factors such as health and well-being, affordable housing and deprivation. Deprivation trend data shows us that Norfolk has experienced an increase in relative deprivation over time.
- 4.16. The key issues for Norfolk are:
- When comparing Indices of Multiple Deprivation (IMD) from 2015 to 2019, there has been a slight relative increase in deprivation. In the 2015 IMD data Norfolk as a whole ranked 88th out of 151 upper tier local authorities, but is now ranked 84th (1 being the most deprived, 151 being the least deprived).
 - Based on 2018 population estimates, there are approximately 135,030 people living in the 20% most deprived areas in Norfolk. The areas remain largely urban around Norwich, Great Yarmouth and Kings Lynn, although there are some rural areas in the most 20% deprived.
 - Norfolk has an economy somewhat reliant on tourism and agriculture that means that employment opportunities for residents can be both seasonal and low wage, with limited scope for progression. This particularly impacts rural areas and the coast with over 50% of people on low wages living in rural or coastal areas.
 - Average earnings in Norfolk are significantly below national and regional levels.
 - Typically, access to services is focused on urban areas as the economic case to deliver to smaller numbers in rural areas is challenging. However, in combination with decreasing access to public transport, it is difficult for residents to access support.
 - Currently, Norfolk doesn't have a well-established culture of training at all stages of employment, which impacts on progression within the workplace.
 - Access to affordable childcare for low income families is a major barrier to social mobility and removes parents, particularly mothers, from the work place for long periods of time.
- 4.17. A whole council approach, working in partnership with others across the whole public sector system, is needed to address the many inter-related issues that affect social mobility and our local economy.

Local Economy

- 4.18. The County Council has worked with the **Local Enterprise Partnership (LEP)** to develop the draft Local Industrial Strategy which builds on the Norfolk and Suffolk Economic Strategy which looks to support our key economic strengths, focusses on our major sectors and embraces inclusive growth. Delivering the priorities for Norfolk set out in the new strategy will be the primary economic development priority for the council.
- 4.19. Promoting the development and expansion of the local economy will become ever more significant as the Government implements plans for localisation of business

³¹ The Social Mobility Commission's "State of the Nation 2017: Social Mobility in Great Britain" report (and accompanying Social mobility index)

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rates. Already, the council's priorities place the people of Norfolk at the forefront of our plans and investments. Through the Growth and Development team, the council aims to promote, secure and manage funding to support Norfolk's economic growth. The County Council supports the implementation of a wide range of initiatives intended to deliver growth, including working closely with the Local Enterprise Partnership (New Anglia LEP) on a number of projects such as the development of Enterprise Zone sites across the County. The council is part of the Greater Norwich Growth Board which oversees the delivery of the Greater Norwich City Deal and supports infrastructure improvements which will drive growth.

4.20. Despite these interventions it is however important to recognise the potential impact of decisions outside the council's control. For example, the decision to leave the European Union has already had an impact on the investment and operational decisions by many businesses, both locally and nationally and the continued uncertainty is likely to carry on having an impact on growth in the local economy. It remains to be seen what the impact of the eventual outcome will be, but this council, along with other partners, has sought to assess the impact of certain scenarios, to engage with businesses to hear their views and to encourage businesses to make contingency plans through the Business Brexit Sounding Board which we have established following our successful Brexit information event held earlier this year.

4.21. It is also important to note that since the introduction of the Business Rates Retention Scheme in 2013-14, Norfolk has not seen any significant growth or decline in the amount of business rates collected. This is a significant concern for Norfolk for future years, when considering the increasing levels of demand, the move towards Business Rates localisation and the potential changes to Revenue Support Grant. Most significantly, local authorities have relatively limited ability to influence some of the major factors which can impact on the level of business rates collected, including for example the current NHS Trusts challenge, and decisions made by large employers (such as the closure of the Britvic and Colman's/Unilever sites in Norwich and the Construction Industry Training Board (CITB) relocation from its base in Bircham Newton), which can result in large changes to rates income.

Ecology: Waste

4.22. The County Council is responsible for dealing with the left over rubbish (residual waste) collected by all local authorities in Norfolk. Increases in households and the effects of economic growth mean that the amount of left over rubbish and the cost of dealing with it will increase significantly. To help mitigate these effects, the aim of the waste service is to reduce the amount of waste, improve recycling, or reduce unit costs.

4.23. These objectives require additional measures to be put in place by all local authorities in Norfolk and they are actively working on this together as the Norfolk Waste Partnership. This includes looking at alternative funding models to incentivize and facilitate service changes by the District Councils that reduce total system costs.

4.24. The long term trends for household numbers in Norfolk, as well as effects of the general economy, consumer confidence and weather patterns remain uncertain. These variables, as well as things such as service changes by other authorities and changes in legislation, can all have a major effect on the cost of this service, meaning that the suitable approach to managing budgets for this service is to make justifiable and evidence based allowances in medium and longer term plans that are continually subject to review.

Ecology: Flooding

- 4.25. Norfolk is identified in the Norfolk Local Flood Risk Management Strategy³² as the area 10th most at risk of local flooding. The county has approximately 34,000 properties at flood risk from local sources during a rainfall event with a 1 in 100 annual chance of occurring. These local sources include flooding from surface runoff, groundwater and from the 7,500 km of watercourses within Norfolk. The County Council's two core aims as Lead Local Flood Authority are to reduce the existing local flood risk for communities and to prevent new development from increasing flood risk. Whilst not directly the authority's responsibility, the county also has nearly 100 miles of coastline and is vulnerable to tidal inundation and surges.
- 4.26. In the event of a major flooding incident, it is likely that the council would have recourse to the Bellwin scheme of emergency financial assistance to Local Authorities³³. This would enable the council to be reimbursed for 100% of eligible expenditure above a threshold set by the government. The most recently published threshold for Norfolk was £1.164m in 2017-18 (i.e. this is the maximum liability for the County Council in the event of a major incident eligible for support under the Bellwin rules). However, the annual threshold is 0.2% of the net revenue budget for the year. If the scheme is activated more than once during the year, the threshold is compared with the cumulative expenditure.

5. Organisational factors**Organisational structure and governance changes**

- 5.1. The result of the full County Council elections in May 2017 saw the Authority moving from an authority where no party had overall control to a Conservative controlled authority.
- 5.2. The County Council moved to an Executive Leader and Cabinet governance structure in May 2019. Aligned to the change in governance, changes to the senior management structure have been implemented, based on five Executive Directors leading the following departments: Children's Services; Adult Social Services; Community and Environmental Services; Finance and Commercial Services; and Strategy and Governance. The statutory Head of Paid Service role is undertaken by the Executive Director of Community and Environmental Services.
- 5.3. Following these changes, the council commissioned a Corporate Peer Review by the Local Government Association (LGA) which was undertaken in October 2019. The Peer Review recognised that good work was being done across the authority, that changes were being bedded in, and the council is being more outward facing in working with partners and communities. An action plan to respond to the detailed findings of the Peer Review has been developed.
- 5.4. A local government pay award is yet to be agreed for 2020-21 onwards, however the Medium Term Financial Strategy provides for a projected increase of 2% in 2020-21 and 3% from 2021-22 onwards. To take into account the National Living Wage (NLW),

³² [Norfolk Local Flood Risk Management Strategy](#)

³³ Bellwin Scheme thresholds published October 2017 <https://www.gov.uk/government/publications/bellwin-scheme-guidance-notes-for-claims>

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the lowest spinal point rate rose to £9.00 per hour in 2019-20. This was to ensure that the new pay spine would reflect future forecast NLW amounts per hour for 2020-21 onwards, which have now been confirmed as £8.72.

The Sustainability and Transformation Programme (STP)

- 5.5. The Sustainability and Transformation Programme (STP) covers the Norfolk and Waveney area and involves all health and social care organisations. In line with the NHS Long-Term Plan, it is a programme to collectively address the demands facing the NHS and social care system, setting out collective change to services to address the challenges from tighter financial constraints, people living longer and with more complex health and care needs, changes to the type of care people want, as well as new opportunities for treatment and workforce challenges. Alongside the Care Act 2014, the NHS Long-Term Plan 2019 has reiterated the requirement for the 'whole system' to work collaboratively, with Primary Care Networks as a core new focus for shaping and delivering community integrated services.
- 5.6. The Norfolk and Waveney STP is working towards becoming an Integrated Care System from April 2020. Following consultation, the five clinical commissioning groups will become a single organisation known as NHS Norfolk and Waveney CCG from April 2020.
- 5.7. Overall, the various Health organisations in Norfolk and Waveney are working more collaboratively, and in addition to the merger of the CCGs, the three acute Trusts are working to one Urgent Emergency Care Board, and Norfolk Community Health and Care (NCHC) and Norfolk and Suffolk Foundation Trust (NSFT) are looking to work in partnership. The STP has a number of Boards and workstreams that underpin these developments.
- 5.8. From a County Council perspective, the officers of the Executive teams are involved in all key developments and lead core areas for the whole system. For example, Social Prescribing and Enhanced Services to Care Homes.
- 5.9. The wider system has a total budget of over £1.6bn to spend on health and social care each year. However, spend is more than this and there is currently a significant financial deficit; mainly incurred at the acute hospitals. The financial context is well rehearsed and challenging across the Norfolk and Waveney STP. The aspiration is the sharing of the problem and calculating the overspend as a whole, treating it as "the Norfolk pound" and developing whole system solutions rather than taking the traditional silo approach.
- 5.10. The council's 2020-24 budget plans for adult and children's social care and public health reflect the relevant aspects of the STP programme of work. Joint funding plans, including the Better Care Fund, are agreed with health partners in line with Department of Health and Social Care guidance.
- 5.11. Plans within the STP include significant involvement from council services. In particular, the Norfolk and Waveney STP Primary Care Strategy is significant for the way we shape our services. The Primary Care Strategy covers the following areas:
- Boosts out of hospital/care – finally dissolving the historic divide between Primary and Community Services;
 - Reducing pressure on emergency services;

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- Giving people more control over their health and more personalised care when they need it;
- Digitally enabled care; and
- Local NHS organisations focusing on population health.

Consultation with citizens and equality and rural impact assessments

- 5.12. The council has undertaken **public consultation** and produced **equality and rural impact assessments** in relation to the 2020-21 Budget and MTFS proposals. Detailed information about the findings of these are included in the Revenue Budget paper ([Appendix 1](#)) and in [Appendix 5](#) and [Appendix 6](#).

Resource plans, funding, service pressures and savings

- 5.13. The plans and assumptions in the council's budget and Medium Term Financial Strategy have been reviewed as part of the preparation of the 2020-21 Budget to ensure that they are robust and deliverable. The Executive Director of Finance and Commercial Services' recommendation of a 3.99% council tax increase is made on the basis that this will enable a more robust budget for 2020-21 and for future years, however the outlook for 2021-22 remains challenging.
- 5.14. Experience of the implementation of savings plans demonstrates that in some cases the cost, complexity and time required to deliver transformational change is likely to be greater than that originally allowed. As a result, the removal or delay of a number of previously agreed savings has been proposed over the life of the MTFS.
- 5.15. As set out elsewhere, the Spending Round 2019 as reflected in the provisional Settlement, has provided some more certainty about funding levels for 2020-21 for local authorities. However, there is now very considerable uncertainty around the final three years of the Medium Term Financial Strategy (2021-24).
- 5.16. Savings are being delivered through a range of approaches. The table below provides a summary of the savings within current budget planning which were subject to specific consultation as part of the development of the 2019-20 budget. Efficiency related savings continue to be targeted as a priority.

MTFS Table 1: Categorisation of savings

	2020-21	2021-22	2022-23	2023-24	Total
	£m	£m	£m	£m	£m
Savings in current budget planning subject to consultation in 2019-20	-3.000	0.000	0.000	0.000	-3.000
Other savings	-37.244	-20.747	-2.383	-0.412	-60.786
Total savings	-40.244	-20.747	-2.383	-0.412	-63.786

Implications of one-off funding allocations

- 5.17. Council funding (especially relating to adult social care services) in recent years has predominately been provided on a one-off basis. Whilst the council has aimed to align one-off funding to one off expenditure, such as invest to save proposals, this is

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not always possible. In particular, the use of winter funding is targeted at managing demand arising from timely discharge from hospital which predominately reflects recurrent costs. In the event that these short-term funding allocations are not made permanent, they will materially increase the pressures arising in 2021-22. This illustrates sharply the case that continues to be made by the council for a sustainable financial solution for adult social care.

General and Earmarked Reserves and provisions

- 5.18. General reserves are an essential part of good financial management and are held to ensure that the council can meet unforeseen expenditure and respond to risks and opportunities. The level of reserves held has been set at a limit consistent with the council's risk profile and with the aim that council tax payer's contributions are not unnecessarily held in provisions or reserves.
- 5.19. Earmarked Reserves support the council's planning for future spending commitments. In the current climate of limited resources, the planned use of Earmarked Reserves allows the council to smooth the impact of funding reductions and provides time for the implementation of savings plans. As part of the year-end closure of accounts, a detailed review of the reserves and provisions held by the council is undertaken. The Medium Term Financial Strategy assumes an overall reduction in the level of Earmarked Reserves. Further details of the anticipated use of Earmarked Reserves are included in the Statement on the Adequacy of Provisions and Reserves 2020-24 ([Appendix 3](#)).
- 5.20. When taking decisions on using reserves, it is important to acknowledge that reserves are a one-off source of funding. Once spent, reserves can only be replenished from other sources of funding or reductions in spending. Therefore, reserves do not represent a long term solution to the continued funding reductions facing the council.

6. Local Government Funding

6.1. Local Government funding has three major components:

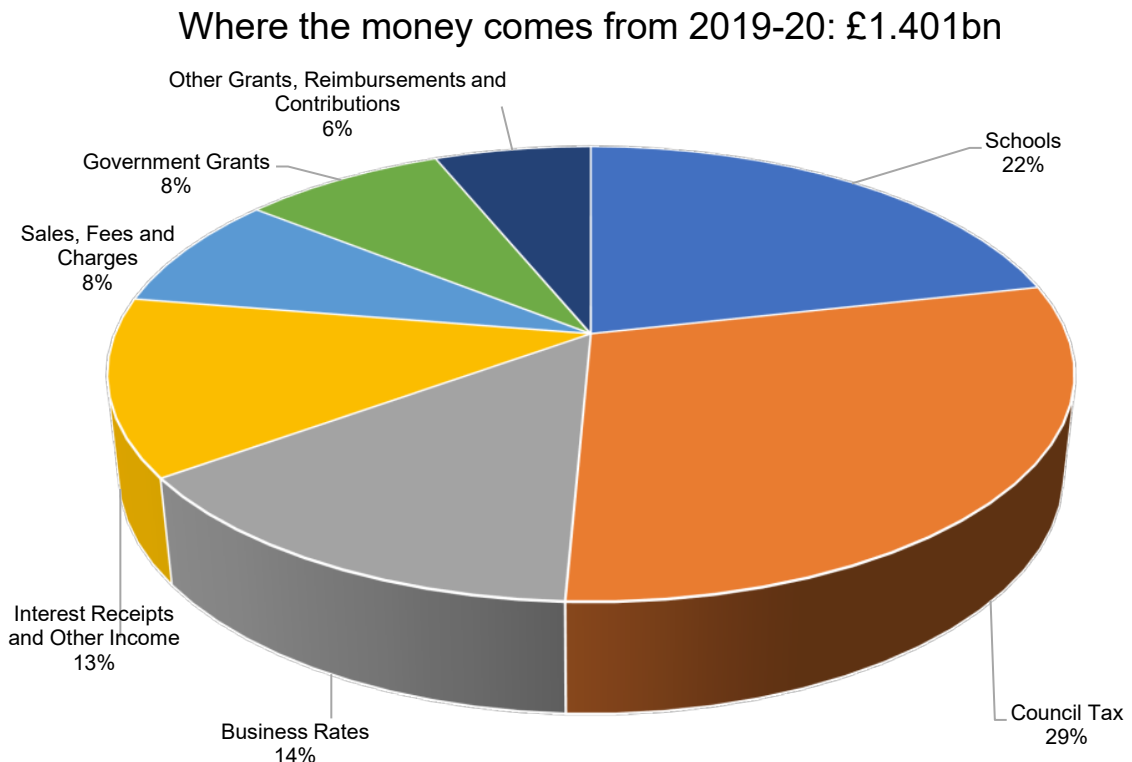
- money received through council tax;
- money received through partial retention of locally generated Business Rates; and
- money redistributed by Government in the form of Revenue Support Grant (RSG) and specific grants.

6.2. Councils also generate income through sales, fees and charges. The breakdown of this funding in 2019-20 is shown in the pie chart below.

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MTFS Chart 3: Council funding sources 2019-20



Business Rates (14%)

- 6.3. Since April 2013, councils have no longer received Formula Grant, but instead received funding from a mix of locally retained business rates and government grants that are allocated from centrally retained business rates.
- 6.4. The introduction of the business rates retention scheme has resulted in a direct link between local business rates growth and the amount of money councils have to spend on local people and local services. The scheme provides incentives for local authorities to increase economic growth, through retention of a share of the revenue generated from locally collected business rates. The new scheme does not alter the way that business rates are set, and they continue to be set nationally by central government.
- 6.5. Local authorities benefit from 50% of business rates growth (or indeed suffer the consequences of business rates decline) in their area. The scheme is complex, involving a system of tariffs, top-ups and levies, however, at its simplest, for every £100 change in rates in Norfolk, £50 would go to central government, £40 to the district councils and £10 to Norfolk County Council.
- 6.6. Baselines are fixed in-between reset periods and only adjusted for inflationary increases to allow local authorities to retain generated growth for a period of time. The next reset is expected in 2021-22 following a review of relative needs and resources, intended to deliver an updated and responsive distribution methodology to be implemented from 2021-22. Until then, upper tier authorities are restricted in gains but also protected from reductions somewhat, as a large proportion of income is received through index linked top-ups.

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- 6.7. All local authorities in Norfolk have agreed to establish a Norfolk Business Rates Pool. The Pool allows Norfolk to retain additional business rates funding in the county through retaining levy payments which otherwise would have been paid over to central government.
- 6.8. The Pool allocates the retained levy to a Joint Investment Fund shared by the Parties for allocation to support Norfolk's economic growth strategy on the basis of the following principles:
- i) The purpose of the Norfolk business rates pool is to make strategic investments designed to support Norfolk priorities within the Local Enterprise Partnership's Strategic Economic Plan to support Norfolk's economic growth strategy; and
 - ii) Priority is given to schemes which:-
 - Lever funding from LEP growth and European funds.
 - Support projects which will lead to:
 - Job creation
 - Further business rates growth
 - Housing growth
 - Improved skills and qualifications
 - New business creation/expansion
 - Ready to start on site and have all relevant permissions, licences, land ownership arrangements in place.
- 6.9. If a member of the Pool decided it no longer wished to be designated as part of the Pool for 2020-21 it was required to notify the Ministry for Housing, Communities and Local Government (MHCLG) by 17 January 2020. If any council in the Pool requested a revocation of the designation before this date, the rest of the Pool cannot continue. The Secretary of State would then revoke the designation and all local authorities identified as part of the Pool would revert to their individual settlement figures.
- 6.10. The primary challenge within the current Business Rates scheme is the level of financial risk that councils face due to appeals and business rate avoidance, with little scope for these risks to be managed under the current arrangements. Some councils are of the view that the risks outweigh the rewards available to councils through incentives to grow the local economy. The Government has implemented a new three-stage approach to business rates appeals: "Check, Challenge, Appeal," aimed at providing a system which is easier to navigate, with an emphasis on early engagement to reach a swift resolution of cases. The new system came into force on 1 April 2017, to coincide with the national revaluation of rateable values.
- 6.11. In respect of the 2020-21 budget, updated District Council forecasts are being collated and the level of income the council will receive is not yet confirmed. Potential business rate appeals and requests for charitable and other reliefs continue to add uncertainty to future rates income.

Changes to the Business Rates Retention Scheme

- 6.12. All Norfolk councils are in a Norfolk pilot of 75% business rates retention in 2019-20. The Government has now confirmed that it will not invite applications for a
- T:\Democratic Services\Committee Team\Committees\COUNTY COUNCIL\Agendas\2020\200217\item 5a Annexe 1 - 2020-02-17 Revenue Budget 2020-21 County Council v4 FINAL.docx

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further round of pilots in 2020-21. Further details about pooling arrangements for 2020-21 and the performance of the 75% Business Rates pilot are provided in the Revenue Budget report ([Section 8](#) of Appendix 1).

- 6.13. The Government has previously stated that it remains committed to increasing business rates retention to 75% for all areas and is aiming to implement this in 2021-22, although no further details were provided at the provisional Settlement in December 2019.
- 6.14. It remains anticipated that 75% retention is to be achieved by rolling in existing grants including Revenue Support Grant and potentially Public Health Grant, although the details have not yet been published. The incentive to grow business rates locally will be strengthened as it is anticipated that the system will allow for 75% growth to be retained locally from the 2021-22 reset onwards. The Government intends to make these changes as part of a move towards financial self-sufficiency for local government. It is expected that the new system will continue to incorporate an element of redistribution of rates nationally to ensure that all authorities are funded to deliver their statutory duties and to mitigate the impact of variation in the level of business rates income across the country.
- 6.15. There remains considerable uncertainty at this point about the detailed plans for implementation of the proposals for 2021-22. A key issue for the County Council will be to ensure that the review of funding needs accurately captures the pressures faced by Norfolk, particularly in respect of social care, demographic issues, and the specific local pressures arising from sparsity, rurality and social mobility.

Revenue Support Grant (RSG) (4%)

- 6.16. The amount of funding the council receives is published as the Settlement Funding Assessment. As shown in the table below, the council remains heavily reliant on RSG and therefore cuts to this funding stream have a significant impact on the budget. Following the 2019 Spending Round, the council's budget planning assumes that Revenue Support Grant is uplifted by 1.6% in 2020-21, with similar changes to Business Rates Baseline and this has been confirmed by the provisional Settlement.
- 6.17. The table below shows Norfolk's assumed Settlement Funding Assessment, which reflects the actual 2019-20 funding allocations. It should be noted that although RSG allocations continue to be separately identifiable, for Norfolk in 2019-20 RSG was in practice delivered through the 75% Business Rates Pilot. There is currently no information about Settlement Funding beyond 2020-21 and the MTFS gap assumes this will be unchanged from the assumed 2020-21 allocations.

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MTFS Table 2: Settlement Funding Assessment

	2019-20 (comparative)		2020-21 (assumed)	
	£m	%	£m	%
Settlement Funding Assessment	191.343	100.0%	194.461	100.0%
<i>Received through:</i>				
Revenue Support Grant	38.810	20.3%	39.442	20.3%
Baseline Funding Level	152.533	79.7%	155.019	79.7%
<i>Via Top-Up</i>	<i>125.847</i>		<i>127.897</i>	
<i>Retained Rates</i>	<i>26.687</i>		<i>27.122</i>	

Specific government grants (8%) and schools funding (22%)

- 6.18. The table below summarises the amount of specific grants due to be received in 2019-20, along with provisional figures for 2020-21. In most cases the allocations for the years beyond 2019-20 have not yet been confirmed by the Government and there is therefore limited information available about amounts beyond next year. Ring-fenced funding below includes funding to schools, over which the County Council has no control.

MTFS Table 3: Grants and Council Tax

	2019-20 Actual (restated comparative) £m	2020-21 Provisional £m
Un-ringfenced	239.502	252.364
Ring-fenced	679.991	717.652
Council tax (council tax increase of 2.99% 2019-20, 3.99% 2020-21)	409.293	430.421
Local Business Rates	26.687	27.122

- 6.19. Details of significant specific grants are set out below:

Ring-fenced grants

- 6.20. **Public Health** – Public Health grant continues to be ring-fenced grant in 2020-21 for public health services. The Government has not yet confirmed grant allocations for 2020-21. The Budget currently assumes an inflationary increase but recent announcements have suggested there could be a real term increase in Public Health funding equating to inflation plus 1 per cent, however it is not yet clear whether there will be any new burdens to be funded from this additional money. Public Health covers a wide range of services that may be provided directly to communities or to other organisations that deliver services supporting the health and wellbeing of our population.

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- 6.21. **Dedicated Schools Grant (DSG)** – Schools funding is provided through the Dedicated Schools Grant (DSG) and other grants. The DSG is allocated to local authorities who then delegate the funding to schools in accordance with the agreed formula allocation. Grants are allocated by local authorities to schools as per the Department of Education (DfE) conditions of grants, which vary depending upon the purpose and aims of the funding. The Local Authority will receive its Dedicated Schools Grant allocation for 2020-21 based on the new national funding formula. Pupil premium will continue as a separate, ring-fenced grant.
- 6.22. It is the local authority's decision how the Schools Block is distributed as, at present, there is no requirement upon local authorities to allocate the block as per the national funding formula unit values. However, central government policy indicates a move towards a 'hard' formula in future and, therefore, the implications of this need to be considered by local authorities when determining their local formula. The options for the local formula for Norfolk were co-produced with Norfolk Schools Forum and all schools were consulted on the options available.
- 6.23. The Government has announced DSG for 2020-21 totalling £646.495m, this compares to a total DSG allocation of £609.519m in 2019-20 (as at the November 2019 DSG update). The DSG is before academy recoupment.
- 6.24. **Pupil Premium Grant (PPG)**³⁴ – 2020-21 allocations have not yet been announced. In 2019-20, disadvantaged pupils: primary were allocated £1,320, which is aimed to help primary schools raise attainment and ensure that every child is ready for the move to secondary school. £935 was allocated for disadvantaged pupils: secondary, these amounts remained unchanged from 2017-18. Disadvantaged pupils are those who have been registered for free school meals at any point in the last six years.
- 6.25. The pupil premium plus (for children looked after) is £2,300 per pupil and remains the same as in 2018-19. The eligibility for this includes those who have been looked after for one day or more, and (from 2015-16) children who have been adopted from care or have left care under a special guardianship or child arrangement order. Schools receive £2,300 for each eligible pupil adopted from care who has been registered on the school census and the additional funding will enable schools to offer pastoral care as well as raising pupil attainment.
- 6.26. Children with parents in the armed forces continued to be supported through the service child premium. In 2019-20, the service child premium remained at £300 per pupil.

Un-ring-fenced grants

- 6.27. **NHS funding (Better Care Fund)** – Since 2015, the Government's aims around integrating health, social care and housing, through the Better Care Fund (BCF), have played a key role in the journey towards person-centred integrated care. This is because these aims have provided a context in which the NHS and local authorities work together, as equal partners, with shared objectives. The plans produced are owned by Health and Wellbeing Boards, representing a single, local plan for the integration of health and social care in all parts of the country.

³⁴ Pupil Premium Grant allocations 2019-20 <https://www.gov.uk/government/publications/pupil-premium-allocations-and-conditions-of-grant-2019-to-2020/pupil-premium-conditions-of-grant-2019-to-2020>

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- 6.28. The BCF is developed alongside CCGs (and District Councils in relation to the effective deployment of disabled facility grant, which is passported in full to District Councils). The service continues to work closely with health partners within the Sustainability and Transformation Partnership (STP) and Transforming Care Programme (TCP) and particularly as the wider system works towards Integrated Care System status; the budget plans reflect priorities within the programme, including supporting carers, use of reablement, winter planning and high impact change model to improve delayed transfers of care from hospital.
- 6.29. The BCF will continue in 2020-21 and is expected to be uplifted by 3.2% in real terms from its existing minimum contribution.
- 6.30. Disabled Facilities Grant (DFG) allocations are transferred to District Councils through the BCF. This enables Housing Authorities to meet their statutory duty to provide adaptations to the homes of people with disabilities to help them live independently for longer. From 2016-17 the DFG allocations have included amounts to offset the discontinuation of the Social Care Capital Grant. Allocations for 2019-20 were announced in May 2019 and showed an increase nationally of £37m when compared to 2018-19.
- 6.31. **Social Care Grant** – The provisional Settlement confirmed £1bn of new funding nationally within allocations of a new Social Care Grant for 2020-21 (in addition to the social care support grant from 2019-20). In total this provides £24.755m for Norfolk in the new Social Care Grant which is intended to help address cost pressures across both Adults and Children's social care.
- 6.32. **Improved Better Care Fund** – From 2017-18 the County Council has received additional funding for Adult Social Care via Improved Better Care Fund (iBCF) allocations funded from changes to the New Homes Bonus grant. The three year plan covering the period 2017-2020 setting out the use of this funding was agreed by the County Council and health partners in July 2017. The iBCF will continue to support delivery of services in line with the agreed plans. The funding represents a mix of recurrent and one-off funding and the council has created a reserve to ensure that the agreed plans are delivered over multiple years. The adult social care budget reflects these movements and use of reserves.
- 6.33. The Spring 2017 Budget subsequently included an additional £2bn of **one-off funding supplementary to the improved better care fund** to councils in England over three years to spend on adult social care services. £1 billion of this funding was provided in 2017-18 to ensure that *"councils can take immediate action to fund care packages for more people, support social care providers, and relieve pressure on the NHS locally."* Norfolk received £18m in 2017-18, followed by £11m in 2018-19 and £6m in 2019-20. The use of this funding was agreed locally with health partners.
- 6.34. The provisional Settlement in December 2019 set out proposals to continue to pool iBCF with the Better Care Fund. It also indicated that iBCF funding will continue at 2019-20 levels, and in addition that £4.179m of Winter Pressures Funding provided in 2019-20 would be rolled in, with ringfencing removed, meaning **ongoing iBCF funding of £38m from 2020-21**.
- 6.35. **Local Reform and Community Voices grant** – allocations for this grant, which consists of three funding streams (Deprivation of Liberty Safeguards in Hospitals; local

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Healthwatch funding; and funding for the transfer of Independent NHS Complaints Advocacy Service to local authorities) have not been announced for 2019-20 or future years. It may be that the grant has been reduced or removed, but in the past allocations have not been published until after the start of the financial year and it is therefore assumed that this funding continues in 2020-21 and in future financial years, however if not received, a pressure of £0.588m will arise.

- 6.36. **Independent Living Fund (ILF)** – the ILF provides support for disabled people with high support needs, to enable them to live in the community rather than in residential care settings. From 1 July 2015 responsibility for supporting ILF users in England passed to local authorities, with associated grant funding being provided. Provisional allocations have been published through to 2019-20, and no changes are currently expected for 2020-21 following the provisional Settlement.
- 6.37. **Social Care in Prisons grant** – the Social Care Act establishes that local authorities are responsible for assessing and meeting the care and support needs of offenders residing in any prison, approved premises or bail accommodation within its area. This grant is to provide additional funding to undertake this new burden. Allocations have not yet been announced for 2019-20 onwards but it is assumed that the funding continues. If the funding is not received a pressure of £0.349m will arise in Adult Social Care for this and future financial years.
- 6.38. **New Homes Bonus Funding** – New Homes Bonus (NHB) is a grant paid by central government to local councils for increasing the number of homes and their use. The New Homes Bonus is paid for each new home, linked to the national average of the council tax band, originally for a period of six years. As part of the provisional Settlement, the Government has confirmed that the national baseline for housing growth will continue to be 0.4%, effectively reducing the number of eligible properties in the calculation of the grant. Since 2018-19 NHB payments have been made for four, rather than five years. No changes were announced for 2020-21 within the provisional Settlement, but a consultation on reforming the grant will be undertaken to be implemented from 2021-22.
- 6.39. **Rural Services Delivery Grant** – Rural Services Delivery Grant (RSDG) recognises the extra costs of delivering services in rural areas. The provisional Settlement confirmed that allocations of Rural Services Delivery Grant will remain at £81m nationally for 2020-21.
- 6.40. **Winter Pressures Funding** – The provisional Settlement confirmed that winter pressures funding originally announced in October 2018 would no longer be ringfenced for that purpose and has been rolled into the iBCF (see above).

Council Tax (29%)

- 6.41. Council tax is a key source of locally raised income. This helps make up the difference between the amount a local authority needs to spend and the amount it receives from other sources, such as business rates, government grants, and fees and charges.
- 6.42. In 2016-17 the Government introduced a new discretion for local authorities providing adult social care to raise additional council tax as an Adult Social Care precept. This gave authorities the option to raise an additional precept of 2%, on top of their existing discretion to raise council tax within the referendum limit (at the time also 2%). In 2017-18, the Government further extended the flexibility around the Adult Social

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Care precept, allowing councils to raise it by 3% in 2017-18 and 2018-19, but in this event having no rise permitted in 2019-20. The council took advantage of this flexibility to raise the maximum Adult Social Care precept by 2018-19 meaning no increase was applied in 2019-20.

- 6.43. The Government included within the local government technical consultation (October 2019), a core council tax referendum principle of up to 2% and an adult social care precept of 2% on top of the core principle. The Medium Term Financial Strategy is based on the following council tax assumptions for planning purposes (in view of the current discretions available and subject to Member decisions in each year).

MTFS Table 4: Council Tax assumptions

	2019-20	2020-21	2021-22	2022-23	2023-24
Assumed increase in general council tax (based on CPI)	2.99%	1.99%	1.99%	1.99%	1.99%
Assumed increase in Adult Social Care precept	0.00%	2.00%	0.00%	0.00%	0.00%
Total assumed council tax increase	2.99%	3.99%	1.99%	1.99%	1.99%

- 6.44. It should be noted that in the event of an increase in the referendum limit, or given the scope to further increase the Adult Social Care precept, it is likely that the Section 151 Officer would recommend the maximum available council tax be raised in future years, in view of the council's wider financial position. Further background information about council tax is provided below and in the Revenue Budget report.

Council Tax assumptions within Core Spending Power for 2016-17 onwards

- 6.45. In 2016-17 the Government introduced a measure of "core spending power", intended to reflect the resources over which councils have discretion. However, in reality, the council has limited discretion over how much to raise council tax, and cannot significantly influence whether businesses pay Business Rates, or the level of allocated central government funding. Core spending power risks painting an unrealistic picture of how well a council might be faring. For example, Norfolk's core spending power has risen from £606.336m in 2015-16 to £697.984m in 2020-21, an increase of £91.648m, however £76.421m of this increase has been delivered through increased council tax and £39.331m through the adult social care precept, effectively transferring the burden to local council tax payers. During this time the council has also had to plan to make substantial savings to meet wider cost pressures and reductions in funding and enable the setting of a balanced budget.
- 6.46. The assessment of core spending power was used in 2016-17 as a mechanism to distribute reductions in Revenue Support Grant for the period up to 2019-20 to ensure that within each tier of Local Government (upper-tier, lower-tier, fire and rescue, and GLA other services), authorities of the same type received the same percentage change in settlement core funding. The inclusion of council tax in this calculation represented a significant change in Government policy. The Spending Review document at the time stated that this was intended to "*rebalance support including to those authorities with*

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social care responsibilities by taking into account the main resources available to councils, including council tax and business rates.”³⁵

- 6.47. Nonetheless, by previously using core funding as a mechanism for the distribution of funding in the settlement, the Government has effectively assumed that councils will raise council tax at the referendum threshold, will raise the Adult Social Care precept if available, and that historic levels of tax base growth will persist. As a result, any decision to raise council tax by less than the maximum available will lead to underfunding when compared to the Government's expectations, and may make it more difficult to lobby for additional central government funding.

7. Revenue strategy and budget

- 7.1. The primary objective of the Medium Term Financial Strategy 2020-24 is to show a balanced four year position. At present further savings or additional revenue funding need to be identified to meet the shortfall shown in the period 2021-22 to 2023-24 below:

MTFS Table 5: Provisional medium term financial forecast budget shortfall

	2020-21	2021-22	2022-23	2023-24
	£m	£m	£m	£m
Additional cost pressures and forecast reduction in Government grant funding	83.885	72.748	41.373	46.140
Forecast council tax increase	-21.129	-13.009	-14.490	-15.526
Identified saving proposals and funding increases	-62.756	-20.747	-2.383	-0.412
Budget shortfall	0.000	38.992	24.500	30.203

- 7.2. The council's revenue budget plans deliver a balanced budget for 2020-21, but a shortfall remains in the subsequent years 2021-22 to 2023-24 (an **overall deficit in the Medium Term Financial Strategy of £93.694m**). It should be noted that the 2021-22 gap is broadly consistent with the original gap for that year in the 2019 MTFS (which was £34.971m) and also in the same order as the gap which has been closed for 2020-21 (2019 MTFS 2020-21 gap was £35.886m). The Medium Term Financial Strategy (MTFS) is intended to aid forward planning and help mitigate financial risk. The detailed timetable for the identification of the required savings and future year budget setting is set out in the Revenue Budget report ([Appendix 1](#)).

- 7.3. Uncertainty remains around a number of key areas which could impact on the MTFS in future years:

- uncertainty regarding previous one-off funding beyond 2020-21 and in particular the use of one-off funding to deliver recurrent services.
- pressure on budgets from needs led services, relating to adults and children's social care, where the number of service users and the complexity of need continues to increase.

³⁵ *Spending Review and Autumn Statement 2015*, para 1.242, p59,
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479749/52229_Blue_Book_P_U1865_Web_Accessible.pdf

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- the level of Dedicated Schools Grant funding provided to deliver High Needs Block SEND provision, and the progress in recovering the deficit position on these budgets;
- the impact of the decision to leave the EU on local government funding and the wider local economy;
- whether the financial demands of wider government spending decisions will necessitate changes in the way local services are delivered and organisations are configured as demonstrated by the wider debates about reorganisation taking place across local government;
- the assumed implementation of 75% Retention of Business Rates and the fair funding review in 2021-22, whether there will be any additional responsibilities transferred to Local Government as part of this process, and the level of any further funding reductions;
- the ability of local tax payers to continue to absorb increases in council tax and the Adult Social Care precept; and
- further integration of health and social care, including Transforming Care Plans, which aims to move people with learning disabilities, who are currently inpatients within the health service, to community settings.

7.4. CIPFA's new Financial Management Code sets out a requirement for councils to consider a long-term financial view which recognises financial pressures. This should include an assessment of the sensitivity of the council's position to a range of alternative scenarios. The table below therefore provides a summary long term financial outlook for the council, based on currently known pressures and an assumption that government funding continues at the same level as 2020-21.

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MTFS Table 6: Draft long term financial forecast budget shortfall

	Medium Term Financial Strategy				Long Term Financial Outlook						Total
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<u>Growth Pressures</u>											
Economic and inflationary	16.386	19.758	20.338	20.338	21.253	22.020	22.683	23.359	24.060	24.763	214.958
Legislative requirements	7.995	7.813	6.851	8.017	5.999	0.000	0.000	0.000	0.000	0.000	36.676
Demand and demographic	23.755	11.480	11.380	11.980	11.000	11.000	11.000	11.700	11.100	11.100	125.495
Policy decisions	33.207	29.680	2.754	5.755	0.111	0.118	0.124	0.000	0.000	0.000	71.748
Funding decreases	2.542	4.017	0.050	0.050	0.000	0.000	0.000	0.000	0.000	0.000	6.659
<u>Savings and funding increases</u>											
Identified savings	-40.244	-20.747	-2.383	-0.412	0.000	0.000	0.000	0.000	0.000	0.000	-63.786
Funding increases	-22.512	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	-22.512
Council tax changes	-21.129	-13.009	-14.490	-15.526	-12.705	-14.633	-15.073	-15.527	-15.994	-16.476	-154.561
Forecast Gap (Surplus)/Deficit	0.000	38.992	24.500	30.203	25.658	18.505	18.734	19.532	19.166	19.388	214.678

7.5. The long term outlook suggests a cumulative budget gap over £200m by 2029-30, if no mitigating actions are taken. However, the level of this gap is highly sensitive to changes in assumptions and is ultimately likely to be materially different. In particular, the level of uncertainty within these forecasts inevitably increases for later years. The sensitivity of the budget in 2020-21 to changes in key assumptions is shown in the following table.

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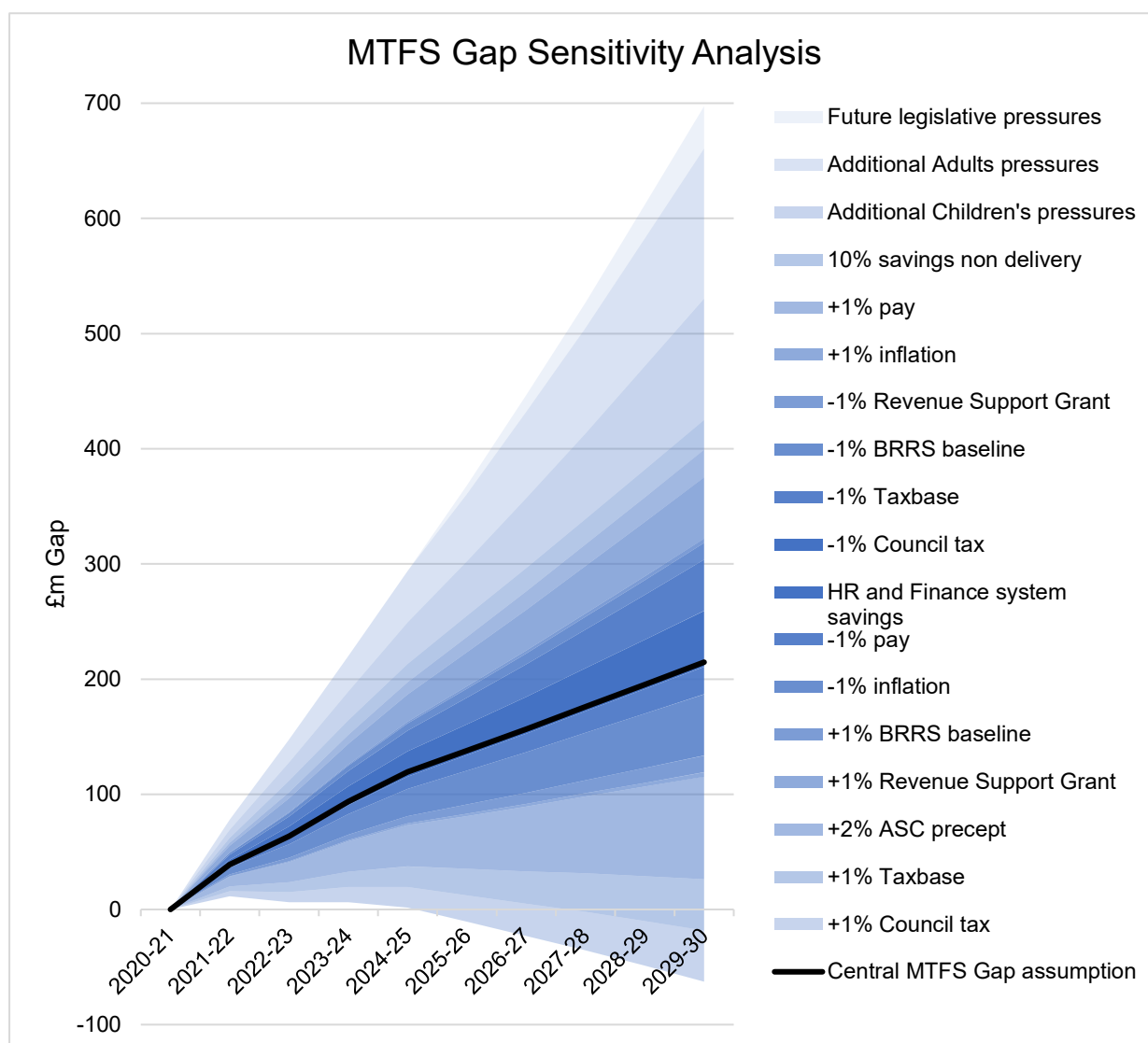
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MTFS Table 7: Assumption sensitivity

Change in assumption	£m
10% savings non delivery	+/- 4.024
+/-1% pay inflation	+/- 2.656
+/-1% general inflation	+/- 5.910
+/-1% Revenue Support Grant	+/- 0.394
+/-1% Business Rates baseline	+/- 1.550
+/-1% Council tax base	+/- 4.242
+/-1% Council tax	+/- 4.242

7.6. The graphic below illustrates the range of sensitivity around the central MTFS forecast shown in **MTFS Table 6**. The graphic indicates that if all upside assumptions occurred, there would be no gap in 2029-30, however if all downside risks materialise, the gap could potentially be well in excess of £600m. The reality is likely to be somewhere around the central forecast, but this provides members with a sense of the uncertainty linked to potential variation and level of risk.

MTFS Chart 4: MTFS Gap Sensitivity Analysis



8. Capital strategy and budget

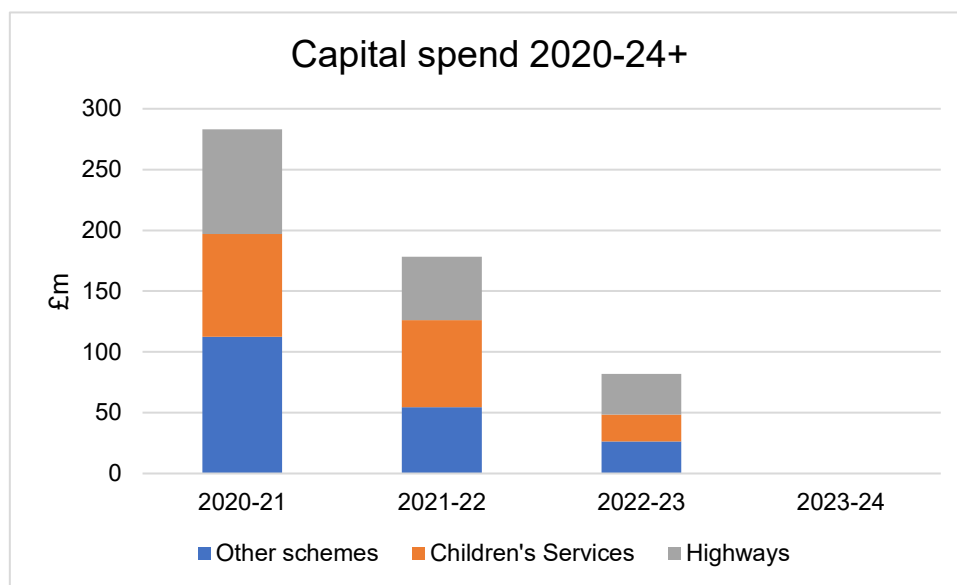
8.1. The Capital Strategy provides a framework for the allocation of resources to support the council's objectives. The capital strategy is intended to:

- give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability; and
- demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability.

8.2. A proposed capital programme for 2020-24+ of £543.340m is included elsewhere on the agenda.

8.3. The bar charts below show the split of capital spend and how it is funded.

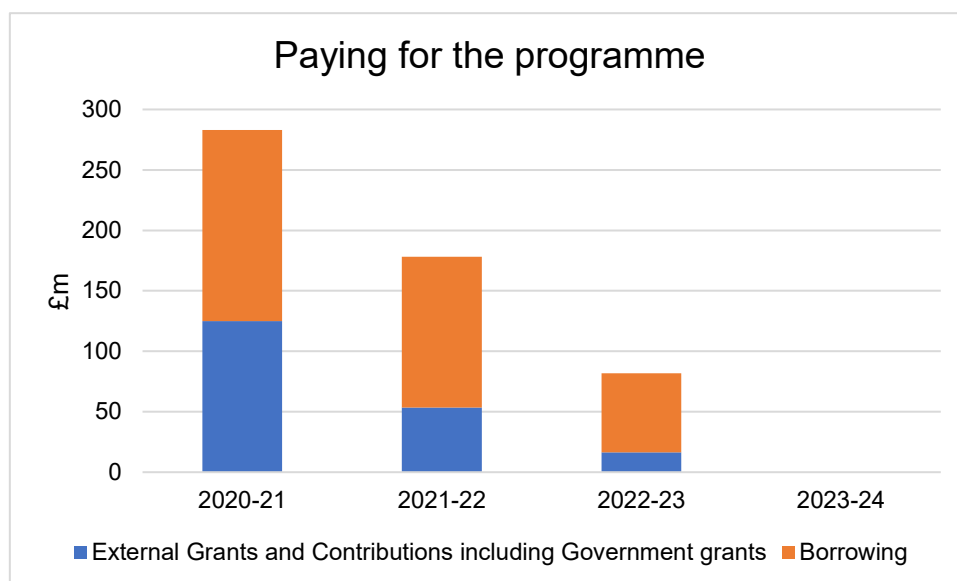
MTFS Chart 5: Capital Programme expenditure 2020-24+



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MTFS Chart 6: Capital Programme funding 2020-24+



- 8.4. The main use of capital receipts over the next three years will be to apply the first £2m directly to the re-payment of debt as it falls due in order to support the revenue budget, and to support costs incurred expanding and maintaining the farms estate. Any surplus will either be retained to support future demands and reduce borrowing or to fund transformation projects as permitted under the flexible use of capital receipts strategy (including service restructuring and demand management). The amount and timing of capital receipts is subject to a great deal of uncertainty, particularly in respect of development land. The programme of potential sales is regularly updated and the latest forecasts suggest that capital receipts of around £14m are anticipated over the next three years, of which £6.0m is forecast to be directly applied to debt repayments.

County Farms

- 8.5. The County Farms Estate is managed in accordance with the policy approved by the council in October 2017. Following two recent acquisitions, the size of the estate has been maintained in excess of the minimum 16,000 acres as required under the constitution and now extends to 16,854. The Farms Estate generates circa £2.305m annual rent income for the council and this is projected to rise to £2.345m. After deducting direct landlord's expenditure in maintaining and improving the Estate, and the cost of management, a net contribution of £0.531m is made to the council's revenue budgets.
- 8.6. There is a significant backlog of repairs and maintenance across the Estate which is now being addressed. This has a consequent effect on the Estate's ability to make a more substantial revenue contribution. For example, £96,242 was spent on statutory fixed wire testing and remedial works in 2018-19. The majority of the backlog has been cleared during 2019-20 leading to an enhanced revenue yield.
- 8.7. A programme of planned improvements is continuing to be implemented, funded both from the Capital Programme for larger schemes and from the trading account for revenue improvement schemes. In 2018-19 the estimated expenditure of capital and revenue improvements amounts to just over £0.709m. Revenue repair budget is £0.684m for 2019-20 and the capital budget currently totals £2.403m.

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9. Summary

- 9.1. The Medium Term Financial Strategy sets out details of the high level national and local factors which are considered likely to impact on the council's budget planning over the next four years. It provides information about how the council intends to respond to these challenges and needs to be taken into account when the County Council makes decisions about the Budget. The MTFS in particular provides an overview of the likely implications of 2020-21 budget decisions for the future years 2021-22 to 2023-24, and outlines the potential longer-term issues facing the council, such as (for example) the further localisation of business rates and the fair funding review.
- 9.2. The overarching purpose of the Medium Term Financial Strategy is to support the council in developing balanced budget plans over the three year period, and to support this objective a proposed planning timetable for setting a balanced budget for 2021-22 is included within the 2020-21 Revenue Budget report.
- 9.3. The Medium Term Financial Strategy links closely with the new CIPFA Financial Management Code and as such it is an important component of the authority's financial management framework. In particular, the Medium Term Financial Strategy is one of the tools which supports the council to develop plans which will assist in maintaining financial resilience in the medium term. It will be further refined in 2020-21 in order to fully align it with the requirements of the Financial Management Code when it is implemented in 2021-22.

Norfolk County Council Statement on the Adequacy of Provisions and Reserves 2020-21 to 2023-24

1. Introduction

- 1.1. This report sets out the Executive Director of Finance and Commercial Services' statement on the adequacy of provisions and reserves used in the preparation of the County Council's budget. As part of budget reporting to Cabinet and the County Council, the Executive Director of Finance and Commercial Services is required under the Local Government Act 2003 to comment on the adequacy of the proposed financial reserves. Members must consider the level and use of reserves and balances to inform decisions when recommending the revenue budget and capital programme.
- 1.2. Reserves are an essential part of good financial management and are held to ensure the council can meet unforeseen expenditure and to smooth expenditure across financial years. They enable councils to manage unexpected financial pressures and plan for their future spending commitments. While there is currently no universally defined level for councils' reserves, the reserves a council holds should be proportionate to the scale of its future spending plans and the risks it faces as a consequence of these. Norfolk County Council's policy has been to set limits consistent with the council's risk profile and with the aim that council taxpayer's contributions are not unnecessarily held in provisions or reserves.
- 1.3. This report sets out the County Council policy for reserves and balances and details the approach to setting a risk assessed framework for calculating a recommended level of general balances. This explicitly identifies the risks, over ten categories, and the quantification of those risks, in arriving at the recommended level. Taking into account the overall position, it is considered that the current level of general balances is adequate and the minimum level is therefore proposed at £19.623m.
- 1.4. Details of the County Council's other reserves and provisions are also provided alongside an assessment of their purpose and expected usage during 2020-24.

2. Purpose of holding provisions and reserves

- 2.1. The council holds both provisions and reserves. **Provisions** are made for liabilities or losses that are likely or certain to be incurred, but where it is uncertain as to the amounts or the dates on which they will arise. The council complies with the definition of provisions contained within CIPFA's Accounting Code of Practice. **Reserves** (or Earmarked Reserves) are held in one of three main categories:

- Reserves for special purposes or to fund expenditure that has been delayed – reserves can be held for a specific purpose, for example where money is set aside to replace equipment or undertake repairs on a rolling cycle, which can help smooth the impact of funding.
- Local Management of Schools (LMS) reserves that are held on behalf of schools – the LMS reserve is only for schools and reflects balances held by individual schools. The balances are not available to support other County Council expenditure.
- General balances – reserves that are not earmarked for a specific purpose. The general balances reserve is held to enable the County Council to manage

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unplanned or unforeseen events. The Executive Director of Finance and Commercial Services is required to form a judgement on the level of the reserve and to advise Cabinet accordingly.

- 2.2. Reserves are held for both revenue and capital purposes. However, some are specific e.g. Usable Capital Receipts can only be used for capital purposes. The following section of this report constitutes the council's policy on reserves and provisions and can be used to provide guidance in assessing their level.

3. Norfolk County Council Policy on Reserves and Provisions

3.1. Objective

- 3.1.1. The objective of holding provisions, reserves, and general balances is to ensure the council can meet unforeseen or uncertain expenditure, and to meet specific future commitments as they fall due.
- 3.1.2. The level of provisions and reserves are continually reviewed to ensure that the amounts held are within reasonable limits. Those limits should be consistent with the council's risk profile and should ensure that council taxpayers' contributions are not unnecessarily held in provisions or reserves.

3.2. Provisions

- 3.2.1. Provisions are made for liabilities or losses that are likely to be incurred, or certain to be incurred, but uncertain as to the amounts or the dates on which they will arise. The council complies with the definition of provisions contained within CIPFA's Accounting Code of Practice.
- 3.2.2. The provision amounts are reported to Cabinet on a regular basis and are continually reviewed to ensure that they are still needed and that they are at the appropriate amount. If necessary, the amount is increased or decreased as circumstances change to ensure that the provisions are not over or understated.

3.3. Reserves

- 3.3.1. The council's reserves consist of the following main categories:
- Reserves for special purposes or to fund expenditure that has been delayed
 - Local Management of Schools (LMS) reserve
 - Dedicated Schools Grant (DSG) reserve
 - General balances (Reserves that are not earmarked for a specific purpose)
- 3.3.2. Further details of these categories is set out below. The council complies with the definition of reserves contained within CIPFA's Accounting Code of Practice.
- 3.3.3. Similar to provisions, reserves are reported to Cabinet on a regular basis and are continually reviewed in the context of service specific issues and the council's financing strategy. Reserves are held for revenue and capital purposes. Some reserves, such as general balances, could be used for either capital or revenue purposes, whilst others may be specific e.g. Usable Capital Receipts can only be used for capital purposes.

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3.3.4. Reserves for special purposes or to fund expenditure that has been delayed.

Reserves can be held for a specific purpose. An example of a reserve is repairs and renewals. Money is set aside to replace equipment on a rolling cycle. This effectively spreads the impact of funding the replacement equipment when the existing equipment is no longer fit for purpose.

3.3.5. LMS reserve

The LMS reserve is only for schools and reflects balances held by individual schools. These balances are not available to support other County Council expenditure.

3.3.6. DSG reserve

The DSG reserve represents the cumulative position of the ringfenced DSG funding provided by the DfE. From the 2018-19 outturn, DSG reserves or deficits have been reported as a separate ring-fenced reserve. A DSG deficit does not need to be covered by an equivalent amount in a local authority's general reserves.

3.3.7. General balances

The general balances reserve is held to enable the County Council to manage unplanned or unforeseen events. The Executive Director of Finance and Commercial Services is required to form a judgment on the level of this reserve and to advise Cabinet and County Council accordingly.

In forming a view on the level of general balances, the Executive Director of Finance and Commercial Services takes into account the following:

- Provision for Unforeseen Expenditure
- Uninsured risks
- Comparisons with other similar organisations
- Level of financial control within the Council

3.3.8. Provision for Unforeseen Expenditure

Unforeseen expenditure can be divided into two categories:

- Disasters
- Departmental Overspends

In a disaster situation, the council can have recourse to the Government using the Bellwin rules under which the council would have to fund the first £1.164m of costs (2017-18 threshold). Central government would provide grant funding of 100% for eligible expenditure incurred above this amount. Examples of natural disasters are severe flooding and hurricane damage.

The council also needs to be able to fund a departmental overspend, should one occur.

3.3.9. Uninsured risks

A combination of external insurance cover and the council's insurance provision provides adequate cover for most of the council's needs. Considerable emphasis has been placed upon risk management arrangements within the council in order to minimise financial risks.

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However, there are some potential liabilities, such as closed landfill sites, some terrorism cover, and some asbestos cover, where it is not economical or practical to purchase external insurance cover. The County Council needs to have some provision in the event of such a liability arising.

3.3.10. Comparisons with similar organisations

As part of assessing the minimum level of general balances to be held, comparisons are made with other County Councils. Based on the latest Cabinet monitoring report, the forecast level of general balances at 31 March 2020 is £19.623m, prior to allowing for the revenue budget year end position. The County Council holds balances of 4.9% as a percentage of its net 2019-20 budget (Council Tax Requirement). This percentage can only be used as a guide as each council's circumstances are different. However, the percentage of general balances compared to the net revenue expenditure is below average in comparison to other County Councils, which is 6.2%.

3.3.11. Level of financial control within the council

Factors that are taken into account in assessing the level of financial control are:

- The state of financial control of the Revenue Budget and the Capital Programme;
- The adequacy of financial reporting arrangements within the council;
- Adequate financial staffing support within the council, including internal audit coverage;
- Working relationships with Members and Executive Directors;
- The state of financial control of partnerships with other bodies; and
- Any financial risks associated with companies where the council is a shareholder.

In evaluating the level of general balances, as part of producing the 2020-21 Budget, the Executive Director of Finance and Commercial Services has used a framework based on considering all risk areas and then quantifying the risk using the related budget and applying a percentage factor, which will vary according to the assessed level of risk. The total value against each risk provides an estimate of the level of balances required to cover the identified risk and overall provides an assessment of the level of general balances for the County Council.

The ten areas of risk considered in the general contingency are set out in the report to the Cabinet budget meeting, including an explanation of the potential risks faced by the council. The report also details the calculation of the general balances. The balances reflect spending experience and risks to which the council is exposed.

3.3.12. Minimum Level of General Balances

Taking all of the above factors into account, the Executive Director of Finance and Commercial Services currently advises that the council holds the following minimum level of general balances for 2020-21 and indicative minimum levels for planning purposes for 2021-22 to 2023-24.

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Reserves Table 1: Norfolk County Council general balances requirement

2019-20 (31/03/2020 Forecast)		2020-21	2021-22	2022-23	2023-24
£m		£m	£m	£m	£m
19.623	Assessment of the level of General Balances	19.623	25.982	26.343	26.431

Having considered the adequacy of the overall general fund balance, the Executive Director of Finance and Commercial Services considers that it is not appropriate to make further budget reductions to accommodate an increase in the level of general balances, but having regard to the reserves and balances risk assessment, any additional resources which become available in 2020-21 should be added to the general fund balance wherever possible.

Executive Directors are expected to comply with financial regulations and deliver their services within the budget approved by the County Council and therefore departments are not expected to draw upon the £19.623m.

If the level of general balances is reduced to below the minimum balance, currently £19.623m, the shortfall will need to be replenished as soon as possible or as part of the following year's budget.

4. Current context

- 4.1. The minimum level of general balances is recommended at £19.623m for 2020-21. The projected actual level at 31 March 2020 is £19.623m, prior to allowing for the revenue budget year end position, which is currently forecasting an overspend of £1.921m (period 9 as per the monitoring report to Cabinet 3 February 2020). Executive Directors are continuing to take action to secure achievement of a balanced outturn position for the year. The budget proposals for 2020-21 do not include any use of general balances. The level of minimum balance is informed by an assessment of the financial risk to which the council is exposed, whilst also taking account of the level of financial controls within the council. Financial management and reporting arrangements are considered to be effective and this has been commented on by the external auditors.
- 4.2. Norfolk County Council's provisions and reserves are reported to Cabinet on a monthly basis and are subject to continual review. As previously discussed, in comparison with other County Councils, the Council holds a lower than average percentage of general balances and this is borne out by the position shown in the newly published CIPFA Financial Resilience Index as discussed in further detail in of [section 3](#) Appendix 4.
- 4.3. In setting the annual budget, a review of the level of reserves is undertaken, alongside any under or overspend in the current year, to determine whether it is possible to release funding to support the following year's budget or whether additional funding is required to increase the level of reserves. That review is informed principally by an assessment of the level of financial risk to which the council is exposed and an assessment of the role of reserves in supporting future spending plans.
- 4.4. The overall level of general balances needs to be seen also in the context of the earmarked amounts set aside and the council's risk profile. Whilst it is recognised that all county councils carry different financial risk profiles, the position in Norfolk is that the

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level of its general balances is below that of most other counties. The Executive Director of Finance has therefore **recommended a principle of seeking to increase general fund balances in 2020-21** and that any additional resources which become available during the year should be added to the general fund balance wherever possible (as set out in further detail in [section 5](#) of Appendix 1).

5. Assessment of the level of general balances

5.1. The framework for assessing the level of general balances is based on considering all risk areas and then quantifying the risk using the related budget and applying a percentage factor, which will vary according to the assessed level of risk. The total value against each risk provides an estimate of the level of balances required to cover the identified risk and overall provides an assessment of the level of general balances for the County Council. It takes into consideration the most significant risks and issues including the following:

- Level of savings and transformation. One of the most significant risks continues to be the level of transformation that has to take place across the council to deliver the required budget savings. Risk has been considered as part of the assessment of the robustness of the budget proposals, and reflected in the reprofiling and removal of some savings. The remaining risks will be monitored within and across services as part of the council's ongoing risk management process and mitigating actions will be identified and monitored. Robust financial monitoring controls are in place and additional monitoring of the transformation programme is being undertaken.
- Managing the cost of change. The council will need to budget for the cost of any redundancies necessary to achieve the required budget savings and service restructuring to the extent they are not contained in the budget proposals. The council has a separate redundancy reserve for this purpose.
- The effect of economic and demand changes. There is always some degree of uncertainty over whether the full effects of any economy measures and / or service reductions will be achieved. Whilst the budget process has been prudent in these assumptions and those assumptions, particularly about demand led budgets, should hold true in changing circumstances, an adequate level of general contingency provides extra reassurance the budget will be delivered on target. Changes in the economic climate may also influence certain levels of income to be received at a lower level than previous years.
- Cost of disasters. The Bellwin Scheme of Emergency Financial Assistance to Local Authorities provides assistance in the event of an emergency. In a disaster situation, the council can claim assistance from the Government using the Bellwin rules. Thresholds were set for 2017-18 and mean the council would have to fund emergency costs below £1.164m. Central Government would then provide 100% grant funding for any eligible expenditure incurred above this amount. Examples of natural disasters eligible for the scheme would include severe flooding and hurricane damage.
- Uncertainty arising from the introduction of new legislation or funding arrangements such as the moves towards retention of Business Rates and for Norfolk in 2019-20, the impact of the Business Rates Pilot.
- Risk of changes to the levels of grant funding and factors affecting key income streams such as council tax and business rates.
- Unplanned volume increases in major demand led budgets, particularly in the context of high and accelerating growth.
- The risk of major litigation, both currently and in the future.

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- The need to retain a general contingency to provide for any unforeseen circumstances which may arise.
- The need to retain reserves for general day to day cash flow needs.

5.2. The ten areas of risk considered in the general contingency are detailed below with an explanation of the potential risks faced by the council.

Reserves Table 2: Key financial risks for Norfolk County Council general balances calculation

Area of risk	Explanation of risk
1) Legislative changes	<p>Key government policy and legislative changes will impact on the council's budget plans. Forecasts have been based on the latest information available but there is risk of variation and there is in particular greater risk in future years, where estimates cannot be based on firm government announcements. Key elements include:</p> <ul style="list-style-type: none"> • Government grant: 2020-21 represents a one year funding allocation. Uncertainty about the outcomes of the Comprehensive Spending Review (CSR), Fair Funding Review (FFR), and 75% Business Rates Retention Scheme (BRRS) means that the council faces a very significant level of uncertainty about funding levels from 2021-22. • Business Rates: Council funding is affected by the level of business rates collected. The council receives a share of the combined rates across all Norfolk councils, which helps smooth out any specific peaks and troughs, however appeals and applications for relief such as NHS Foundation Trusts can result in significant volatility. • Council tax base and collection fund: Council funding is impacted if there is a reduction in the tax base or in the amount collected by the billing authorities. The budget is based on a forecast 1.8% increase in tax base in 2021-22 and 1.5% for both 2022-23 and 2023-24. This is broadly in line with historic trends but higher than the growth rate forecast for 2020-21 and so represents a financial risk to budgeted income if trends do not continue. • NHS/Social Care Funding: The improved Better Care Fund (iBCF) funding represents a mix of recurrent and one-off funding. Detailed information for future years for the Better Care Fund, including any uplifts, is still awaited. Planning assumptions are based on a continuation of the use and level of funding. The provisional Settlement confirmed that previously one-off winter funding of £4.179m will be un-ringfenced and existing social care funding of £7.139m plus additionally announced social care funding of £17.617m will also be provided in 2020-21. The MTFS assumes these will be ongoing, but outcomes of the CSR and FFR are awaited to determine whether this is correct. • Pay: The National Living Wage was introduced from 2016-17, starting at £7.20. The rate for 2020-21 has been confirmed as £8.72. Further details are provided in the Statement on the Robustness of Estimates.
2) Inflation	<p>Pay inflation has been assumed at 2% for 2020-21 and 3% for 2021-22 to 2023-24. The County Council is currently part of the national agreement and therefore pay awards for 2020-21 onwards will be influenced by any agreements reached – negotiations for 2020-21 have not been concluded and the union side have submitted a claim for a 10% increase. Every 1%</p>

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Area of risk	Explanation of risk
	<p>variation in pay amounts to just over £2.5m for the council. There is therefore a risk that pay awards could vary from this assumption over the planning period, and particularly in 2020-21.</p> <p>Price inflation has been included based on contractual need. There is a risk that inflation will be required during the planning period, even where there is no current contractual element. In addition, many contracts are negotiated post budget agreement and therefore forecast inflation levels may be different in practice.</p> <p>Inflation on fees and charges is set by NCC – a 2% increase has been assumed for 2020-21 and in the following years. However, there is a risk that market forces may require this to be varied during the planning period.</p>
3) Interest rates on borrowing and investment	<p>Budgeted interest earnings on investments are based on guaranteed fixed deposit returns, available instant liquidity rates and market forecasts provided by our Treasury Advisors. Current rates are at historically low levels and are not forecast to increase at any significant pace over the next couple of years.</p> <p>The revenue cost of borrowing is based on the rates of interest payable on the council's existing debt and assumptions in respect of capital expenditure to be funded from borrowing which has yet to be borrowed.</p>
4) Government funding	<p>The provisional Settlement provided only indications for one year of funding allocations in 2020-21, which still remain to be confirmed in the final Local Government Finance Settlement. Uncertainty about the outcomes of the Comprehensive Spending Review (CSR), Fair Funding Review (FFR), and 75% Business Rates Retention Scheme (BRRS) means that the council faces a very significant level of uncertainty about funding levels from 2021-22. A number of issues may also impact on future funding levels:</p> <ul style="list-style-type: none"> • The final outcome of the process for the UK to leave the European Union and any consequential impact on the national economy, which may have a significant impact on the levels of funding for the public sector at national level. • Although there has been an apparent relaxation of the drive to deliver deficit reduction targets, the prioritisation of spending and investment decisions may mean that the Government places further reductions on government departments that would affect local government, particularly if there are changes in the wider economy. • The operation of a 75% Business Rates Pilot in 2019-20 results in the council having a potentially higher degree of exposure to changes in business rates income during 2019-20 which has implications on 2020-21 budgeted income, however the business rates retention scheme includes a funding safety net level which serves to mitigate the level of risk. • On occasion general issues arise on funding which place the council at risk of clawback. • Key funding for integrated health and social care is via the Department of Health and Social Care and is dependent on the agreement of plans and further information regarding payment by results.

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Area of risk	Explanation of risk
5) Employee related risks	Staffing implications of budget planning proposals have been evaluated and reflected within the financial plans, including the cost of redundancy. However, variations could occur as detailed implementation plans are developed.
6) Volume and demand changes	<p>Many of our largest budgets are demand led and these present long standing areas of risk. Forecasts for social care are based on current outturn predictions and applied to population forecasts. Costs could vary if the population varies, or if the proportion of people either requiring or eligible for care is different to the forecast.</p> <p>Budgets for children looked after and support for vulnerable children take into account the County Council's strategy for minimising the number of children in care. Financial risks include delivery of the strategy and external factors that can lead to an increase in the number of children looked after and/or the complexity of need due to societal changes.</p> <p>Waste forecasts are based on the latest available information. If tonnage levels increase, this will lead to an increased pressure.</p>
7) Budget savings	<p>The Medium Term Financial Strategy includes £63.786m budget savings to be delivered across four years. A full assessment of all proposals has tested the robustness of each saving to minimise the financial risk, however a risk remains that the programme is delivered at a slower rate, or that some savings are not achievable at the planned level.</p> <p>In addition, further savings need to be identified to close the £93.694m funding shortfall between 2021-22 and 2023-24.</p>
8) Insurance and emergency planning provision	<p>Unforeseen events and natural disasters can increase the level of insurance claims faced by the council.</p> <p>The council's insurance arrangements, including actuarial review of the fund, additional provisions for unforeseen and unreported claims, service risk management and emergency planning procedures minimise this risk.</p>
9) Energy, security and resilience	<p>Resilience risks include:</p> <ul style="list-style-type: none">• Were a disaster to occur, we must have a reserve in place to pick up the costs that will fall to the council.• Norfolk includes flood risk areas and emergency procedures are in place to manage this.• Resilience of IMT can create a risk that might have financial implications for the council.
10) Financial guarantees /legal exposure	<p>Certain contracts contain obligations that, if not fulfilled, would attract a penalty.</p> <p>The Council has PFI Schemes for street lighting and schools. However, there is no risk to the financing of these schemes at present.</p>

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5.3. The following table details the calculation of the general balances having regard to the identified areas of risk.

Reserves Table 3: General balances calculation

Area of Risk	2020-21			2021-22			2022-23			2023-24		
	Budget	Risk Level	Value	Budget	Risk Level	Value	Budget	Risk Level	Value	Budget	Risk Level	Value
	£m	%	£m	£m	%	£m	£m	%	£m	£m	%	£m
Legislative Changes												
Government Grant (RSG)	39.442	0.00%	0.000	39.442	0.50%	0.197	39.442	0.50%	0.197	39.442	0.50%	0.197
Business Rates	155.019	0.25%	0.388	155.019	0.50%	0.775	155.019	0.50%	0.775	155.019	0.50%	0.775
Council Tax Variation to Base/Collection	430.421	0.24%	1.048	443.430	0.50%	2.217	457.920	0.50%	2.290	473.446	0.50%	2.368
NHS/Social Care Funding	124.138	0.00%	0.000	124.138	1.00%	1.241	124.138	2.00%	2.483	124.138	2.00%	2.483
Apprenticeship Levy	0.946	0.25%	0.002	0.965	1.00%	0.010	0.985	1.00%	0.010	1.004	1.00%	0.010
Landfill Tax - waste recycling (price)	25.849	1.00%	0.258	28.771	1.00%	0.288	31.237	1.00%	0.312	31.237	1.00%	0.312
	775.815		1.696	791.765		4.728	808.741		6.067	824.286		6.145
Inflation												
Employees	279.341	0.00%	0.000	287.863	0.50%	1.439	296.725	0.50%	1.484	296.725	0.50%	1.484
Premises	25.385	0.50%	0.127	25.543	0.50%	0.128	25.790	0.50%	0.129	25.790	0.50%	0.129
Transport	59.451	0.50%	0.297	59.740	0.50%	0.299	60.802	0.50%	0.304	60.802	0.50%	0.304
Supplies and Services	108.469	0.50%	0.542	114.442	0.50%	0.572	127.279	0.50%	0.636	127.279	0.50%	0.636
Agency and Contracted	458.298	0.50%	2.291	471.839	0.50%	2.359	483.981	0.50%	2.420	483.981	0.50%	2.420
Income (Fees and charges)	128.116	0.50%	0.641	130.320	0.50%	0.652	132.833	0.50%	0.664	132.833	0.50%	0.664
	1,059.061		3.899	1,089.747		5.449	1,127.411		5.637	1,127.411		5.637
Interest Rates												
Borrowing	32.140	0.25%	0.080	32.356	0.25%	0.081	33.999	0.25%	0.085	36.902	0.50%	0.185
Investment	0.281	0.25%	0.001	0.281	0.25%	0.001	0.281	0.25%	0.001	0.281	0.50%	0.001
	32.421		0.081	32.637		0.082	34.280		0.086	37.183		0.186
Grants												
Public Health Grant funding	38.716	0.00%	0.000	38.716	1.00%	0.387	38.716	1.00%	0.387	38.716	1.00%	0.387
Other General Fund Grants	21.816	0.25%	0.055	21.816	0.25%	0.055	21.816	0.25%	0.055	21.816	0.25%	0.055
	60.532		0.055	60.532		0.442	60.532		0.442	60.532		0.442

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Area of Risk	2020-21			2021-22			2022-23			2023-24		
	Budget	Risk Level	Value	Budget	Risk Level	Value	Budget	Risk Level	Value	Budget	Risk Level	Value
	£m	%	£m	£m	%	£m	£m	%	£m	£m	%	£m
Employee Related Risks												
Pensions actuarial valuation	15.619	0.00%	0.000	14.619	5.00%	0.731	14.787	5.00%	0.739	15.939	5.00%	0.797
	15.619		0.000	14.619		0.731	14.787		0.739	15.939		0.797
Volume / Demand Changes												
Capital Receipts	2.000	5.00%	0.100	2.000	7.50%	0.150	2.000	10.00%	0.200	2.000	10.00%	0.200
Customer and Client Receipts	128.116	0.75%	0.960	130.320	0.75%	0.977	132.833	0.75%	0.996	132.833	0.75%	0.996
Demand Led Budgets (Adult Social Care third party and transfer payments)	349.886	0.50%	1.732	355.129	1.00%	3.551	363.083	1.00%	3.631	363.083	1.00%	3.631
Children Looked After placements and family support	89.820	1.00%	0.898	95.119	1.00%	0.951	97.533	1.00%	0.975	97.533	1.00%	0.975
Winter Pressures	3.159	10.00%	0.316	3.180	10.00%	0.318	3.201	10.00%	0.320	3.201	10.00%	0.320
Landfill Tax - waste recycling (volume)	25.849	1.00%	0.258	28.771	1.00%	0.288	31.237	1.00%	0.312	31.237	1.00%	0.312
Public Health third party spend	35.455	1.00%	0.355	35.367	1.00%	0.354	35.367	1.00%	0.354	35.367	1.00%	0.354
Social care and Better Care Fund Spend	124.138	1.00%	1.241	124.138	1.00%	1.241	124.138	1.00%	1.241	124.138	1.00%	1.241
	758.423		5.861	774.024		7.831	789.392		8.030	789.392		8.030
Budget Savings												
Budget Reductions	38.244	7.50%	2.868	20.747	7.50%	1.556	2.383	7.50%	0.179	0.412	7.50%	0.031
	38.244		2.868	20.747		1.556	2.383		0.179	0.412		0.031
Insurance/Public Liability Third Party Claims												
Uninsured Liabilities	0.000		4.000	0.000		4.000	0.000		4.000	0.000		4.000
Bellwin rules	1,163.554	0.10%	1.164	1,163.554	0.10%	1.164	1,163.554	0.10%	1.164	1,163.554	0.10%	1.164
	1,163.554		5.164	1,163.554		5.164	1,163.554		5.164	1,163.554		5.164
TOTAL			19.623			25.982			26.343			26.431

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Appendix 3: Norfolk County Council Statement on the Adequacy of Provisions and Reserves 2020-21 to 2023-24

- 5.4. The required level of general balances is therefore identified as £19.623m in 2020-21, rising to £26.431m by 2023-24. It is essential in setting a balanced budget that the council has money available in the event of unexpected spending pressures. The “balances” need to reflect spending experience and risks to which the council is exposed.
- 5.5. The latest budget monitoring position reported to Cabinet forecasts general balances at 31 March 2020 of £19.623m, prior to allowing for the revenue budget end of year position, which is currently forecasting an overspend of £1.921m. Work is being undertaken by Executive Directors to deliver a balanced outturn position and this is expected to be achieved.
- 5.6. The increase in the minimum level of risk-based balances needed in the later years of the Medium Term Financial Strategy reflects the increased level of risk around budget assumptions, such as pay awards, where the longer forecasting horizon increases the level of uncertainty, and in particular the increased levels of risk relating to council tax base assumptions and uncertainty about government funding allocations, which add £4.836m to the assessed balance required by 2023-24. The actual level of balance ultimately required will reduce as the planning timeframe shortens and the uncertainty diminishes.

6. Review of Earmarked Reserves and Provisions

- 6.1. As part of the 2020-21 budget planning process, a detailed review has been undertaken in respect of each of the reserves and provisions held by the council. In general, the earmarked reserves and provisions are considered by the Executive Director of Finance and Commercial Services to be adequate and appropriate to reflect the risks they are intended to cover. However, it is considered that changes could be made to some reserves, due to changing circumstances. Reserves Table 4 summarises the earmarked reserves for each service department. The balances for individual reserves are shown in the subsequent detailed table (Reserves Table 5). The Executive Director of Finance and Commercial Services also considers that it would be appropriate to further review the level of earmarked reserves during 2020-21 in order to rationalise and consolidate the earmarked reserves held and consider the scope to apply a minimum threshold for the establishment of an earmarked reserve.

ANNEXE 1**Appendix 3: Norfolk County Council Statement on the Adequacy of Provisions and Reserves
2020-21 to 2023-24****Reserves Table 4: Summary of Earmarked Reserves and Provisions 2019-24**

Department	Balance at 31/03/19 £m	Forecast at 31/03/20 £m	Forecast at 31/03/21 £m	Forecast at 31/03/22 £m	Forecast at 31/03/23 £m	Forecast at 31/03/24 £m
Adult Social Services	32.101	16.896	10.371	10.109	10.109	10.109
Children's Services	4.429	0.827	0.091	0.091	0.091	0.091
Community and Environmental Services	36.992	35.847	32.612	29.569	27.332	27.332
Strategy and Governance	3.590	3.042	3.265	2.189	2.413	2.738
Finance and Commercial Services	2.724	2.469	2.472	2.482	2.482	2.482
Finance General	17.446	12.915	12.915	12.915	12.915	12.915
Total (excluding schools)	97.283	71.995	61.727	57.355	55.343	55.668
Reserves for capital use	0.413	1.000	1.000	1.000	1.000	1.000
Schools	3.752	1.134	3.230	3.382	3.132	3.132
School - LMS	12.289	12.001	4.212	4.212	4.212	4.212
DSG Reserve	-10.887	-18.387	-18.830	-14.242	-8.182	-3.360

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Reserves Table 5: Detailed table of Reserves and Provisions 2019-24

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2019	Forecast Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024
		£m	£m	£m	£m	£m	£m
Earmarked Reserves							
All Services							
Building Maintenance: This reserve is to ensure that the capital value of the Council's building stock is maintained and facilitates the rolling programme of building maintenance. It also allows NPS Property Consultants Ltd to respond to emergencies by carrying out repairs from day to day and as the need arises.	There is no current planned use of this reserve.	0.073	0.073	0.073	0.073	0.073	0.073
Information Technology: The reserve is used by multiple services to set aside money for specific IT projects.	The reserve is used by multiple services to set aside money for specific IT projects.	3.721	2.794	2.100	1.917	1.745	1.745
Repairs and Renewals: This fund is to meet the cost of purchasing and repairing specific equipment.	The need for the reserve has changed over time as more equipment is procured via leases. Use of the reserve over the next four years is expected.	3.136	2.888	2.637	2.409	2.268	2.268
Unspent Grants and Contributions: This reserve contains the balances on the council's unconditional grants and contributions.	Mostly grants and contributions which will be used to fund spend over the budget planning period.	26.554	13.097	5.977	4.201	3.060	3.060
		33.484	18.853	10.787	8.600	7.146	7.146
Adult Social Services							
Business Risk Reserve: Reserves established to manage key risks.	Some of the Adult Social Care reserve is forecast to support delivery of the 2019-20 budget.	7.080	4.508	4.085	4.085	4.085	4.085

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Appendix 3: Norfolk County Council Statement on the Adequacy of Provisions and Reserves 2020-21 to 2023-24

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2019	Forecast Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024
		£m	£m	£m	£m	£m	£m
Prevention Fund: This includes the Living Well in the Community Fund, Prevention Fund and Strong and Well revenue funding as agreed by Members to support prevention work, mitigate the risks in delivering prevention savings and to help build capacity in the independent sector.	Expected to be fully utilised by the end of 2021-22.	0.564	0.143	0.033	0.000	0.000	0.000
Social Services Residential Review: This reserve contains funds set aside to support delivery of Mental Health services within Adult Social Services.	Expected to be fully utilised by the end of 2020-21.	1.116	0.228	0.000	0.000	0.000	0.000
		8.760	4.878	4.118	4.085	4.085	4.085
Community and Environmental Services							
Adult Education Income: The County Council is required to approve a budget for the Adult Education service five to six months in advance of the funding announcement by the Skills Funding Agency. In addition, the Skills Funding Agency can also impose penalties on the service in the event that targets are not met and these are dependent on results assessed at year end. This reserve enables the Council to manage risks associated with potential changes in Skills Funding Agency working.	Some use of this reserve is planned over the budget planning period.	0.677	0.564	0.441	0.401	0.401	0.401

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Appendix 3: Norfolk County Council Statement on the Adequacy of Provisions and Reserves 2020-21 to 2023-24

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2019	Forecast Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024
		£m	£m	£m	£m	£m	£m
Bus De-registration: This is funding to meet costs associated with the commercial deregistration of bus services.	There is no planned usage of the reserve, but will be drawn upon as required over the period.	0.031	0.026	0.026	0.026	0.026	0.026
Demand Responsive Transport: This reserve is to enable pump priming of demand responsive transport services as changes are made in supporting public transport by increasing public transport patronage rather than directly subsidising transport operators.	There is no current planned use of this reserve.	0.004	0.004	0.004	0.004	0.004	0.004
Economic Development and Tourism: This is primarily the Apprenticeship Scheme balance and committed EU project funding.	Funding for apprenticeships and EU Projects are mainly committed over the budget planning period.	2.111	1.770	1.326	0.927	0.683	0.683
Fire Operational/PPE/Clothing: This reserve is to meet variable demands for new operational equipment and personal protective equipment.	The reserve is for items such as hazmat suits and training in dealing with chemicals.	0.312	0.279	0.279	0.279	0.279	0.279
Fire Pensions: This reserve is to smooth higher than anticipated costs due in respect of ill health retirements, injury retirements and retained fire fighters who qualify for the Whole Time Uniformed scheme.	Reserve will be drawn upon as required over the period.	0.355	0.289	0.289	0.289	0.289	0.289
Fire Retained Turnout Payments: This reserve is to meet variable demands from larger incidents and higher than expected turnouts.	There is no current planned use of this reserve.	0.031	0.031	0.031	0.031	0.031	0.031

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Appendix 3: Norfolk County Council Statement on the Adequacy of Provisions and Reserves 2020-21 to 2023-24

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2019	Forecast Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024
		£m	£m	£m	£m	£m	£m
Highways Maintenance: This reserve enables a wide range of maintenance schemes to be undertaken. An annual amount is transferred to the works budget. The reserve is also used to carry forward balances on the Highways Maintenance Fund.	The balance mainly relates to commuted sums to meet future liabilities. These sums are paid by Developers to cover the additional maintenance work arising from their developments. The profile of use of the reserves reflects the future liabilities and planned general Highways expenditure.	6.521	7.101	6.648	6.278	5.906	5.906
Historic Buildings: This is used to buy and restore historic buildings at risk of being demolished and to make grants towards the restoration of buildings.	This reserve is used as and when required. There is currently no planned use after 2019-20.	0.049	0.028	0.028	0.028	0.028	0.028
Park and Ride: The reserve is for future site works.	There is currently no planned usage of the fund, but it is retained to meet potential necessary site works.	0.012	0.012	0.012	0.012	0.012	0.012
Prevention Fund: This includes a commuted sum from Developers to cover new bus routes and lump sums received from the Government for improvements to bus services.	This is held for a specified use and forecast to be used in full in 2019-20.	0.160	0.000	0.000	0.000	0.000	0.000

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Appendix 3: Norfolk County Council Statement on the Adequacy of Provisions and Reserves 2020-21 to 2023-24

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2019	Forecast Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024
		£m	£m	£m	£m	£m	£m
Residual Insurance and Lottery Bids: When a cash settlement was agreed with our insurers in respect of the library fire the proceeds were paid into an earmarked reserve. Subsequent costs have been funded from this source, and outstanding costs for buildings and books have been transferred to earmarked reserves. A few issues remain outstanding (e.g. Records conservation).	The reserve incorporates externally funded grants earmarked towards projects. Included within this are sums required to complete the conservation of damaged documents. The timings for use of this reserve are not yet known.	0.154	0.128	0.128	0.128	0.128	0.128
Road Safety: This reserve reflects the surplus resulting from Speed Awareness Courses run by the council on behalf of the Police, to be reinvested within Road Safety.	There is currently no planned use of this reserve.	0.207	0.207	0.207	0.207	0.207	0.207
Street Lighting PFI Sinking Fund: This reserve has been created as a result of the Street Lighting PFI scheme and reflects receipt of government PFI grant and contributions which will be needed in future financial years to meet contract payments.	Reductions in the level of this reserve are expected over the next four years.	4.707	4.061	3.876	3.691	3.506	3.506
Waste Management Partnership Fund: This reserve is for waste management initiatives.	Expected to be fully utilised by the end of 2021-22.	0.852	0.625	0.125	0.000	0.000	0.000
		16.182	15.125	13.420	12.301	11.500	11.500

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Appendix 3: Norfolk County Council Statement on the Adequacy of Provisions and Reserves 2020-21 to 2023-24

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2019	Forecast Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024
		£m	£m	£m	£m	£m	£m
Strategy and Governance							
NPLaw: This reserve has been created to support the development and increased activities of the business and smooth variations in trading.	The reserve has been built up from Nplaw Trading and as such belongs to the Partners of the scheme.	0.458	0.458	0.458	0.458	0.458	0.458
		0.458	0.458	0.458	0.458	0.458	0.458
Finance and Commercial Services							
Archive Centre Sinking Fund: This reserve is to maintain the Archive Centre in accordance with a lease agreement between the County Council and the University of East Anglia.	There is no current planned use of this reserve.	0.266	0.276	0.286	0.296	0.296	0.296
		0.266	0.276	0.286	0.296	0.296	0.296
Finance General							
Business Risk Reserve: Reserves established to manage key risks.	To be used to support delivery of the 2019-20 budget.	2.357	0.017	0.017	0.017	0.017	0.017
Election Reserve: This is to cover the cost of holding County Council elections.	Regular ongoing contributions to the reserve are planned each year. The reserve will be used in 2021-22 for the next election and will then be built up again.	0.325	0.650	0.975	0.000	0.325	0.650
Insurance Reserve: This reserve reflects monies set aside for future potential insurance liabilities that are in excess of those provided for in the Insurance Provision.	Some of the insurance reserve / provision will be used to support the delivery of the 2019-20 budget following assessment of the required level of balances.	2.918	1.918	1.918	1.918	1.918	1.918

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Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2019	Forecast Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024
		£m	£m	£m	£m	£m	£m
Organisational Change and Redundancy Reserve: This reserve was created to provide one-off funding to support and invest in transformational change e.g. change initiatives such as Workstyle and to fund redundancy costs.	The timing of when the reserve is used is dependent upon future events and it is expected it will be mainly used to fund redundancy costs.	4.167	2.461	2.454	2.454	2.443	2.443
Strategic Ambitions Reserve: This reserve supports the council in achieving its aspirations and strategic ambitions for Norfolk.	There is no current planned use of this reserve.	0.169	0.165	0.165	0.165	0.165	0.165
		9.936	5.211	5.529	4.554	4.868	5.193
Non-Schools Total		69.086	44.802	34.598	30.295	28.353	28.678
Reserves for Capital Use							
Usable Capital Receipts		0.413	1.000	1.000	1.000	1.000	1.000
Schools Reserves							
LMS Balances: This reserve represents estimated surpluses and deficits against delegated budgets for locally managed schools. These funds are retained for schools in accordance with the LMS arrangements approved by the DfE and are not available to the Council for general use.	The future usage will be part of individual school's financial plans.	12.289	12.001	4.212	4.212	4.212	4.212

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Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2019	Forecast Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024
		£m	£m	£m	£m	£m	£m
Children's Services Education Equalisation: To fund the variance in the number of Home to School/College Transport and School Catering days in a financial year as a result of the varying dates of Easter holidays.	Expected to be required and used in 2019-20 and future years' balances will be dependent upon the dates of future school years.	0.413	0.000	0.000	0.000	0.000	0.000
Norwich Schools PFI Sinking Fund: This reserve has been created as a result of the Norwich Schools PFI scheme and reflects receipt of government PFI grant and schools contributions which will be needed in future financial years to meet contract payments.	Use of this reserve had been agreed to reduce the level of the Children's Services forecast 2017/18 revenue overspend. The reserve is being replenished over the planning period.	0.000	0.196	0.372	0.524	0.524	0.524
Building Maintenance: This is money put aside to spend on building maintenance of schools.	Expected to be utilised in 2019-20 and replenished in future years.	2.470	0.080	2.000	2.000	1.750	1.750
Schools Sickness Insurance: This reserve is a mutual insurance scheme operated on behalf of schools.	Use of the reserve will depend upon the demand of member schools.	0.099	0.099	0.099	0.099	0.099	0.099
Schools Non-Partnership maintenance fund: This reserve is held on behalf of schools for building maintenance activities.	The future usage will be part of individual school's financial plans.	0.619	0.607	0.607	0.607	0.607	0.607
Schools Non-Teaching Activities: This reserve is held on behalf of schools, including school-based Children Centre balances.	The future usage will be part of individual school's financial plans.	0.123	0.123	0.123	0.123	0.123	0.123

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Appendix 3: Norfolk County Council Statement on the Adequacy of Provisions and Reserves 2020-21 to 2023-24

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2019	Forecast Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024
		£m	£m	£m	£m	£m	£m
School playing surface sinking fund: This reserve is to maintain and replace the astro turf playing surface at schools in accordance with a lease agreement between the schools' governing body and the County Council.	In line with lease agreement.	0.029	0.029	0.029	0.029	0.029	0.029
Schools Total		16.041	13.135	7.442	7.594	7.344	7.344
DSG Reserve: DSG is a ring-fenced grant, provided outside the local government finance settlement. The reserve represents the cumulative position of the ringfenced funding provided by the Department for Education.	The DSG deficit arises from the historic underfunding of the High Needs Block which supports high needs places in state special schools, independent schools and Alternative Provision as well as high needs provision in mainstream schools. The level of the deficit reflects our current forecasts, which are based on a plan to recover the current deficit position over the medium term.	-10.887	-18.387	-18.830	-14.242	-8.182	-3.360
Provisions							
Adult Social Services							
Provision for doubtful debts: A provision to cover bad debts.	This provision will change as bad debts are reviewed during the year, although the timing of this use cannot be predicted. A significant proportion is for specific debts with an element for general service-user related debts.	5.532	5.437	5.437	5.437	5.437	5.437

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Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2019	Forecast Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024
		£m	£m	£m	£m	£m	£m
Children's Services							
Provision for doubtful debts: A provision to cover bad debts.	Expected to be used in full in 2019-20.	0.795	0.000	0.000	0.000	0.000	0.000
Community and Environmental Services							
Closed landfill long term impairment provision: Provision created to fund long term impairment costs arising from Closed Landfill sites, as per Government legislation and External Audit recommendation.	This is required to cover the legal requirements, but there is currently no specific call on the provision identified. A fixed amount from revenue is released each year to cover impairment costs.	12.362	12.362	12.297	12.230	12.159	12.159
Provision for doubtful debts: A provision to cover bad debts.	No current specific requirement, the provision will be used in the event of bad debts being written off. The timing of this use cannot be predicted.	0.037	0.037	0.037	0.037	0.037	0.037
Fire Service: This provision is held to meet variations on Fire Service staffing costs.	There is no current specific requirement for the use of this provision.	0.048	0.048	0.048	0.048	0.048	0.048
Finance General							
Insurance: Provision for insurance claims.	Contractual commitment based on reported claims and provision for incurred but unreported claims.	9.310	9.310	9.310	9.310	9.310	9.310
Redundancy: A provision to meet redundancy and pension strain costs.	This provision is forecast to be used in full in 2019-20.	0.113	0.000	0.000	0.000	0.000	0.000
Non-Schools Provisions Total		28.197	27.193	27.128	27.060	26.990	26.990
Non-Schools Reserves and Provisions Total		97.283	71.995	61.727	57.355	55.343	55.668

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6.2. The planned change in total non-school's reserves is a reduction of 37.9% over five years as shown in the following table.

Reserves Table 6: Change in reserves 2019-24

	March 31, 2019	March 31, 2024	Reduction %
	£m	£m	
General Balances	19.623	26.431	
Earmarked Reserves	69.086	28.678	
Total	88.709	55.109	37.9%
<i>The comparative figures for last year were:</i>			
	March 31, 2018	March 31, 2022	Reduction %
General Balances	19.536	26.550	
Earmarked Reserves	65.644	22.494	
Total	85.180	49.044	42.4%

6.3. When taking decisions on utilising reserves or not it is important that it is acknowledged that reserves are a one-off source of funding and once spent, can only be replenished from other sources of funding or reductions in spending. The practice has been to replenish reserves as part of the closure of accounts, however this can be difficult to predict, and these contributions are therefore not reflected in the figures shown. The forecast year end position of all reserves and provisions is reported to each meeting of Cabinet.

6.4. It should be noted that the Department for Education (DfE) consulted in November 2018³⁶ on proposals to require local authorities to report DSG reserves or deficits as a separate ring-fenced reserve in annual returns. What this meant for local authorities was that DSG deficits do not need to be covered by an equivalent amount in local authorities' general reserves. Consequently, new lines were added to the 2018-19 RO returns and local authorities are now expected to state their cumulative DSG deficit every year. In October 2019, the government consulted again³⁷ to clarify that DSG is a ring fenced grant separate from other general local authority funding. This consultation emphasised that the "*Government's intention is that DSG deficits should not be covered from general funds but that over time they should be recovered from DSG income. No timescale has been set for the length of this process.*"

6.5. The DSG deficit arises from the historic underfunding of the High Needs Block (HNB) which supports high needs places in state special schools, independent schools, and Alternative Provision. Norfolk is currently carrying an outstanding DSG deficit from previous financial years, with a forecast £18.830m deficit forecast for the end of 2020-21 provided planned savings of £7.411m are achieved. On the basis of the accounting treatment proposed by government, this deficit DSG reserve position is not reflected in the reserve balances presented within this report but is included for completeness within the detailed Reserves Table 4 above.

³⁶ Consultation on the implementation of new arrangements for reporting deficits of the dedicated schools grant, Department for Education, 12 November 2018:

<https://www.gov.uk/government/publications/esfa-update-14-november-2018/esfa-update-local-authorities-14-november-2018#information-consultation-on-the-new-arrangements-for-reporting-deficits-of-the-dedicated-schools-grant-dsg>

³⁷ <https://consult.education.gov.uk/funding-policy-unit/revised-arrangements-for-the-dsg/>

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Appendix 3: Norfolk County Council Statement on the Adequacy of Provisions and Reserves 2020-21 to 2023-24

7. Summary

- 7.1. Members could choose to agree different levels of reserves and balances, which could increase or decrease the level of risk in setting the revenue and capital budget. This would change both the risk assessment for the budget and the recommended level of balances.
- 7.2. The proposed level of reserves and balances set out in this report is considered to provide a prudent and robust basis for the Revenue Budget 2020-21 and will ensure the Council has adequate financial reserves to manage the delivery of services and the proposed savings in the financial years covered by the associated Medium Term Financial Strategy.

Norfolk County Council Statement on the Robustness of Estimates 2020-21 to 2023-24

1. Introduction

1.1. As part of the budget setting process, the Executive Director of Finance and Commercial Services (Section 151 Officer) is required under Section 25 of the Local Government Act 2003 to report on the robustness of the estimates made for the purposes of the calculation of the precept and therefore in agreeing the County Council's budget. The level of risk and budget assumptions underpin decisions when setting the revenue budget and capital programme, and affect the recommended level of general balances held. Members must therefore consider the details of these as set out in this report when recommending or agreeing the revenue budget and capital programme. This report includes the Section 151 Officer's formal statement and provides more detailed information on the risks, robustness of revenue estimates, and capital estimates used in the preparation of the County Council's budget.

2. Approach to providing assurance on robustness of estimates

2.1. The budget proposals are estimates of spending and income made at a point in time prior to the start of the next financial year. As such, this statement about the robustness of estimates does not provide an absolute guarantee but does provide Members with reasonable assurances that the draft budget has been based on the best available information and assumptions, and has been subject to scrutiny by relevant staff, Executive Directors, and Members.

2.2. The requirement to report on the robustness of estimates has been met through key budget planning processes during 2019-20, including:

- Departmental reviews of budgets including consideration of the deliverability of planned savings to inform decision making, which has led to the removal or delay of a number of savings to ensure that the proposed budget is robust;
- Review by finance staff of all cost pressures and regular reports to Executive Directors to provide challenge and inform approach;
- Issue of guidance to all services on budget preparation;
- Routine monitoring of current year budgets to inform future year planning, with the result that further investment into social care budgets is planned for 2020-21 to meet 2019-20 overspend and other pressures;
- An organisational approach to planning with Cabinet providing guidance early on and throughout the process;
- Member review and scrutiny of developing proposals through officer budget challenge sessions which considered all services in July and September 2019.
- Member review and challenge via Cabinet in the May, October, and January meetings;
- Public review and challenge through budget consultation for specific proposals where required via the Council's consultation hub Citizen Space, including impact assessment of proposals;
- Assurance from fellow Executive Directors that final budget proposals to be considered by County Council are robust and are as certain as possible of being delivered;

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Appendix 4: Norfolk County Council Statement on the Robustness of Estimates 2020-21 to 2023-24

- Member and Executive Director peer review of all service growth and savings throughout the budget planning process.

2.3. In addition, and as set out in the Scheme of Authority and Financial Responsibility, Executive Directors are responsible for the overall management of the approved budget and the appointment of Responsible Budget Officers (RBOs) who are responsible for ensuring that authorised budgets are managed in the most effective and efficient manner in accordance with agreed plans and financial controls. Therefore managers with RBO responsibilities also play a key part in monitoring the financial position, identifying variances and financial risks and planning for service changes including forecast contractual, demographic, legislative and policy changes. In preparing estimates, considerable reliance is placed on Executive Directors and RBOs carrying out these responsibilities effectively.

3. CIPFA Financial Resilience Index and Financial Management Code

3.1. As set out in the Revenue Budget report ([Appendix 1](#)), CIPFA has published a [Financial Resilience Index](#)³⁸ which sits alongside the new Financial Management Code (FM Code). Both of these have helped to inform the council's 2020-21 budget setting process and the Executive Director of Finance has referred to the range of indicators shown in the index, and the requirements of the FM Code, in order to reach his conclusions on the robustness of estimate statement for 2020-21.

3.2. The index suggests that when compared to all other county councils:

- Norfolk holds a comparatively **low level of reserves**.
- Norfolk has a relatively **high level of gross external debt**.
- Norfolk **spends a relatively high proportion** of its net revenue budget³⁹ **on social care** (for both Adults and Children).
- Council tax funds a relatively low proportion of net revenue expenditure (i.e. the council is **relatively more reliant on government grant**). This is linked to the relatively low tax base in Norfolk (a higher proportion of lower-banded properties compared to the England average).
- Norfolk **experiences relatively limited growth in business rates** income above the Business Rates Baseline.

3.3. It is important to note that the indicators within the index look at retrospective data and only provide an insight into the relative position of similar authorities. The council's level of reserves and external debt are considered annually as part of the budget setting process and monitored regularly throughout the year. Although for a number of historical reasons the council's level of reserves and external debt are respectively lower and higher than other county councils, this position reflects the council's overall strategies of avoiding holding taxpayers' resources unnecessarily in reserves and investing in strategic infrastructure projects. Both the level of reserves held, and the level of external debt, are considered appropriate in light of the council's strategy and the risks it is exposed to. Further details of these considerations are set out throughout the budget papers.

³⁸ <https://www.cipfa.org/services/financial-resilience-index/financial-resilience>

³⁹ It should be noted that the index refers to net revenue expenditure as used in government financial returns, this includes central government funding e.g. Settlement Funding allocations and is therefore higher than the council's net revenue budget (which is council tax only).

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3.4. The council is well aware of the key financial risks that it faces, reporting on them regularly to members as part of both financial monitoring and within the council's risk register. All risks are kept under ongoing review. In addition, the council has taken a number of steps to minimise these risks and ensure that it remains financially resilient in the short to medium term. Actions have included:

- Regularly communicating financial pressures and risks to key stakeholders including to government as part of consultation responses and other lobbying activity.
- Making difficult decisions locally in order to maximise income and minimise cost pressures (for example, raising council tax and the adult social care precept, implementing difficult savings) to do everything in its power to protect its financial position.
- Submitting responses to consultations including those on the Fair Funding Review and development of 75% Business Rates Retention (and participating as a pilot authority in 2019-20), to seek to maximise the funding available for rural shire counties.
- Providing for budget pressures in Adults and Children's social care as a priority over other service areas, while recognising that the system as a whole is not sustainable in the long term and a national funding solution is required.
- Considering and responding as appropriate to the value for money findings of external audit and the findings in relation to financial management from the LGA peer review undertaken in October 2019.
- Ongoing budget-setting work for 2020-21 to set a robust, balanced budget, and regular monitoring of the 2019-20 position including capital and treasury management.
- Annually undertaking a risk-based assessment of the level of general balances required and agreeing the Reserves policy.

3.5. The council keeps its financial position under careful review, and in 2020-21 will be looking in particular at any further actions needed to enhance compliance with the new CIPFA Financial Management code.

4. Risk Assessment of Estimates

4.1. The council manages risk registers corporately, for each service and for key projects. These incorporate all types of risk, including financial. In addition, a formal risk assessment has been undertaken of the revenue budget estimates in order to support the recommendation of the level of general balances. This risk assessment is detailed in the Statement on the Adequacy of Provisions and Reserves 2020-24 report ([Appendix 4](#)).

4.2. Budget proposals and emerging pressures were reported to Cabinet in October, along with identified key risks associated with these. This enables Members to assess the risk associated with achievability of the savings identified and supports consideration now of the overall robustness of the budget plans for 2020-21.

4.3. Early identification of risks enables Executive Directors to take mitigating action and to enable higher risk budgets to be more closely monitored during the year. The key budget risks that will require ongoing attention are:

- **Local sources of income:** In relation to council tax and business rates, District Council forecast figures are to be confirmed 31 January 2020;

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- **Government funding:** The final 2020-21 settlement has not yet been published, meaning that some uncertainty remains about next year's allocations, as discussed in detail elsewhere. In addition, significant reforms to key government grant funding are anticipated in the delayed Fair Funding Review and there is major uncertainty about plans for 75% Business Rates Retention from 2021-22. A list of revenue grants is included within Table 9 of the Revenue Budget 2020-21 report ([Appendix 1](#));
- **General pay and prices:** Inflationary pressures affecting the council's contracted spend and uncertainty about the level of future pay awards;
- **Adult Social Services:** Managing increased demand for services and complexity of need, and facilitating adequate investment to deliver financially sustainable service provision;
- **Children looked after:** Meeting the challenge of delivering improvements within Children's Services to achieve both better outcomes and financial sustainability within the service, whilst also dealing with increased demand and complexity of needs;
- **High Needs Block (HNB):** Managing increased demand for high needs places in state special schools, independent schools, and Alternative Provision which currently represent a shortfall in funding within Dedicated Schools Grant (DSG). Although the Government has now prescribed an accounting treatment for the DSG deficit and confirmed that there is no expectation for local government to fund the DSG from council resources, this position is not guaranteed and will remain a subject of scrutiny for External Auditors. If the council is unsuccessful in resolving the DSG deficit position over the medium term, the pressures and level of forecast overspend are such that it could represent a very real threat to the overall financial viability of the whole council. The position of the DSG budget in future years will therefore continue to have a very significant bearing on the Executive Director of Finance and Commercial Services' judgement about the council's financial resilience and the robustness of its Budget.
- **Major capital schemes:** These include the **Great Yarmouth Third River Crossing, Broadland Northway Western Link, and the investment in specialist school places and services**, all of which are significant capital projects required to be met within planned capital funding; and
- **Organisational Change:** Managing significant transformation and staffing changes, including the delivery of planned business transformation and smarter working savings, and the realisation of expected savings from the replacement of the HR and Finance system.

4.4. The budget estimates span a four year period, 2020-24, and whilst forecast using the best available information, the planning assumptions and forecasts for future years will necessarily be based on less robust data and known factors. This is particularly exaggerated in 2021-22 for the reasons set out in more detail in the Revenue Budget report and Medium Term Financial Strategy. As part of the ongoing budget planning and monitoring cycle, these assumptions and emerging state of affairs are reviewed allowing the development of more detailed planning for the next financial years and revised medium term financial plans.

5. Robustness of Revenue Estimates

5.1. Within the framework set by the council's new business plan, *Together, for Norfolk*, the service and budget planning process has focussed on the key priorities for service departments, including those services that are required by law, and involves a continuous review of the way that services are provided. Cost pressures to manage

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unavoidable inflationary, legislative and demand pressures have been included in the revenue budget estimates.

5.2. During July and September 2019, Cabinet members and Executive Directors undertook budget challenge sessions to consider budget plans and spending proposals. This provided an opportunity to evaluate initial proposals, risks arising from savings proposals, and emerging planning issues for services. The most significant spending implications affecting the Council continue to relate to Adults and Children's Services, and in particular:

- The majority of Children's Services spend is demand led, and across all areas of the children's agenda the council continues to see high and rising levels of need and demand. This includes a significant increase in the number of children with complex Special Educational Needs and Disabilities who require high levels of support and intervention whilst living in the community as well as within residential settings, and significant pressures in placements and support budgets for children looked after, keeping children safe at home and care leavers. Priorities for the service include continuing the implementation of the Safer Children and Resilient Families transformation plan to ensure that the right interventions are in place for the right children and families at the right time so that needs are effectively met rather than escalating, to continue to work towards being rated 'good' (with outstanding features) as defined by Ofsted, and the implementation of a new operating model. A comprehensive strategy is in place to mitigate the increasing levels of demand, but the national pressures and trends result in risk remaining.
- Managing rising demographic pressures through embedding strategies for Adults service delivery to promote independence. In particular invest to save in early intervention and targeted prevention to keep people independent for longer, developing integrated arrangements with Health (Better Care Fund and the Sustainability and transformation plan (STP)) including actions to improve delayed transfers of care. Supporting a stable care market though funding price inflation and market pressures (including national living wage and cost of care increases).

5.3. As part of the budget process, Cabinet and Executive Directors have considered all the budget reductions and growth pressures and these are reflected in the proposed budget. In addition, some of the key risks identified, including risks relating to the achievability of savings, have been taken into consideration in the Cabinet's budget recommendations, which will enable some budget risks to be managed down and this is reflected in the risk assessment of the recommended level of general balances.

5.4. Budget planning for 2020-21 has included extensive work to review the deliverability of savings and understand service pressures. As a result, the 2020-21 Budget sees a significant investment in Departmental budgets through both the removal of previously planned savings and recognition of budget overspend pressures, to provide assurance about the robustness of the revenue budget and the deliverability of savings. This represents the net removal or delay of £3.110m previous budget round savings from next year's budget.

5.5. The Council's budget planning assumes that any undeliverable savings have been removed in the exercise detailed above and therefore that all the remaining savings included for 2020-21 are deliverable.

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5.6. The table below shows the current budget position and the following three years based on the recommendations set out in the Revenue Budget report ([Appendix 1](#)) and the current budget forecast for 2019-20. The Medium Term Financial Strategy does not reflect plans to fully meet the funding shortfall between 2021-22 to 2023-24. As part of developing the budget for future years, work will continue to identify further proposals for service provision in order to identify ways to address these deficits in future years. The Revenue Budget report sets out in [section 5](#) details of the assumptions which inform the Section 151 Officer's judgement of the robustness of estimates and in particular confirms that **early planning to address the 2021-22 Budget gap will be essential along with the production of a realistic plan for reducing the budget requirement** in future years through robust saving proposals, or the reduction of currently identified pressures.

Robustness Table 1: Forecast Budget Deficit 2019-20 to 2023-24

	2019-20 (Period 9 forecast)	2020-21 Budget	2021-22 Budget	2022-23 Budget	2023-24 Budget
	£m	£m	£m	£m	£m
Forecast outturn budget deficit	1.921	0.000	38.992	24.500	30.203

5.7. Work is underway by Executive Directors and budget holders to deliver a balanced outturn position at year end as reported in period 9 Financial Monitoring report which currently forecasts that the outturn position will be an overspend of £1.921m at year-end. On the basis of the work underway, it is however currently **expected that this position will be managed to achieve a balanced outturn position for 2019-20**. The non-delivery of unachievable future year savings from the 2019-22 budget round has been addressed as part of the 2020-19 budget process, however 2019-20 savings which have not been achieved in-year due to timing delays are assumed to be delivered in 2020-21.

5.8. The factors and budget assumptions used in developing the 2020-24 budget estimates are detailed over sixteen headings, including drivers of growth, savings and other planning assumptions and set out below.

Robustness Table 2: Summary of budget assumptions and approach

Budget Assumption	Explanation of financial forecast and approach
Growth Pressures	
1) Inflation	<p>Pay inflation has been assumed at 2% for 2020-21 and 3% for 2021-22 to 2023-24. The County Council is currently part of the national agreement and therefore pay awards for 2020-21 onwards will be influenced by any agreements reached – negotiations for 2020-21 have not been concluded and the union side have submitted a claim for a 10% increase. Every 1% variation in pay amounts to just over £2.5m for the council. There is therefore a risk that pay awards could vary from this assumption over the planning period, and particularly in 2020-21.</p> <p>Pensions – The 2019 actuarial valuation of the pension fund has set the employer contribution rates from 1 April 2020 at 15.5% (unchanged) plus a lump sum for each of the three years 2020-23.</p>

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Budget Assumption	Explanation of financial forecast and approach
	Price Inflation is provided where a contractual increase is required. This is at the contractual rate where appropriate, or at the forecast rate for CPI, 2.0% for 2020-21 to 2023-24 years based on the Office for Budget Responsibility's Economic and Fiscal Outlook forecasts.
2) Demand and Demographics	<p>There are three key areas where demand and demographic pressures have a significant impact on the council's budget planning:</p> <ul style="list-style-type: none"> Gross demographic pressures in Adult Social Care totalling £6.100m reflecting rising demand for services as people live longer and transition of service users from Children's Services to adult social care. Gross demand pressures of £18.250m in Children's Services reflecting additional costs including increasing demand and complexity of need for children looked after, keeping children safe at home and care leavers, alongside home to school transport pressures, particularly for children with special educational needs and disabilities. There has been a significant increase in the number of children with Special Education Needs and Disabilities.
3) Legislative changes	<p>The budget estimates include the following assumptions with regard to current and future legislative changes:</p> <ul style="list-style-type: none"> The Government implemented a National Living Wage (NLW) from 2016-17, starting at £7.20. In April 2020 it was increased to £8.72⁴⁰. The Government has set out an aspiration to raise the NLW to 60% of median earnings by 2020 (for those aged 25 and over) and is currently considering the remit for the NLW beyond 2020⁴¹. The exact level at which the National Living Wage will be set in future years has therefore not been confirmed. Although assumed cost pressures relating to the National Living Wage have been included in budgets, there is a risk these could diverge in future. Cost pressures assuming an increase above the core price inflation for pay and price market pressures have been included. Cost pressures have been included associated with the increased income received for the Improved Better Care Fund. The Spending Round 2019 indicated that the one-off winter funding provided in 2018-19 and 2019-20 of £4.179m would be continued in 2020-21, but would be rolled into the improved Better Care Fund and the ring-fence removed.
4) Policy decisions	<p>The 2020-21 budget includes:</p> <ul style="list-style-type: none"> £7.050m investment in staff including a new, enhanced operating model in Children's Services and resolving the structural salary budget gap; £9.221m to address recurrent pressures in Adult Social Services; £0.887m of Fire Service pressures linked to the IRMP, £0.350m over two years for the council's new environmental policy, and £0.100m for economic development feasibility studies in Community and Environmental Services; and £0.500m to support Intelligence and Analytics across all services.
5) Interest Rates	Budgeted interest earnings on investments are based on guaranteed fixed deposit returns, available instant liquidity rates and market forecasts provided by the council's Treasury Advisors.

⁴⁰ <https://www.gov.uk/government/news/government-announces-pay-rise-for-28-million-people>

⁴¹ <https://www.gov.uk/government/publications/the-national-living-wage-beyond-2020>

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Budget Assumption	Explanation of financial forecast and approach
Savings	
6) Income	Inflationary increases to fees and charges have been included within the budget proposals where appropriate. Other changes to income either through expected reductions in income, or initiatives to increase income generation, are reported as individual budget proposals.
7) Savings	<p>Savings have been identified across all services and range from productivity efficiency savings, to reductions in service provision. All managers are responsible for ensuring that proposed savings are robust and delivered in accordance with plans. Measures throughout the planning process have supported review and challenge of the deliverability of savings and where appropriate a number of savings have been removed or re-profiled to later years.</p> <p>Changes or delays in delivering savings will result in variance to the budget and as such savings will be closely tracked throughout the year as part of the budget monitoring process and reported to Cabinet, with management actions identified as necessary.</p>
Other Planning assumptions	
8) Funding changes	<p>The provisional Settlement provided only indications for one year of funding allocations in 2020-21, which remain to be confirmed in the final Local Government Finance Settlement. Uncertainty about the outcomes of the Comprehensive Spending Review (CSR), Fair Funding Review (FFR), and 75% Business Rates Retention Scheme (BRRS) means that the council faces a very significant level of uncertainty about funding levels from 2021-22.</p> <p>The Council was successful in bidding, in partnership with Norfolk districts, to become a Business Rates Pilot in 2019-20. This results in a potentially higher degree of exposure to changes in business rates income during 2019-20 which has implications for 2020-21 budgeted income. The business rates retention scheme includes a funding safety net level which serves to mitigate the level of risk.</p> <p>The provisional Settlement confirmed that one-off winter funding of £4.179m, existing social care funding of £7.139m, plus additionally announced social care funding of £17.617m would be available in 2020-21.</p> <p>The Revenue Budget report sets out the detail of key grants and highlights that many key areas of funding are yet to be confirmed for 2020-21.</p> <p>In relation to schools, funding is provided through the Dedicated Schools Grant (DSG) and Pupil Premium, which is paid to the County Council and passed on to schools in accordance with the agreed formula allocation. It is assumed that all school pay and prices inflationary pressures will be absorbed within the DSG allocation.</p> <p>Norfolk faces severe pressures on High Needs Block (HNB) funding within DSG and submitted a disapplication request to transfer funding from the Schools block in 2019-20. No disapplication request has been submitted for 2020-21 but the council will need to keep this under review for subsequent years. The council has a plan to recover the DSG deficit position, however if</p>

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Budget Assumption	Explanation of financial forecast and approach
	this cannot be achieved, there will be significant implications for wider council budgets as set out elsewhere in the budget papers.
9) Financial risks inherent in any significant new funding partnerships; major contracts or major capital developments	Financial risks are included within the assessment of the level of general balances. The financial risks arising from major capital schemes such as the Great Yarmouth Third River Crossing, Western Link and investment in specialist school places continue to be closely monitored and reflected within the County Council's capital budget proposals.
10) Availability of funds to deal with major contingencies	All provisions and earmarked reserves have been reviewed to test their adequacy and continued need. A risk assessment of the level of general balances has been undertaken and the budget reflects the assessed level of balances required. The council also has recourse to the Bellwin scheme in the event of disasters or emergencies.
11) Overall financial standing of the authority	<p>The council's treasury management activity manages both short term cash to provide security, liquidity and yield, and the council's longer term borrowing needs to fund capital expenditure through either long term borrowing or the utilisation of temporary cash resources pending long term borrowing. In accordance with the approved strategy, the council currently continues to borrow for capital purposes, while using cash balances on a temporary basis to avoid the cost of 'carrying' debt in the short term.</p> <p>At 30 November 2019, the council's outstanding debt totalled £706m. The council continues to maintain its total gross borrowing level within its Authorised Limit of £1,038m (prudential indicators) for 2019-20. The Authorised Limit being the affordable borrowing limit required by section 3 of the Local Government Act 2003.</p> <p>There are a number of treasury related indicators to restrict treasury activity within certain limits and manage risk. These include maturity profile of debt; and investments greater than 365 days. Monitoring is reported regularly to Cabinet on an exception basis.</p> <p>The council's treasury management activities are regularly benchmarked against those of other local authorities. The County Council has upper quartile investment performance; is cost effective; pays comparable rates of interest on its debt; and is effective at managing risk.</p> <p>At the end of November 2019 (2019-20 Period 8), the council's cash balances stood at £184m.</p>
12) The authority's track record in budget and financial management	<p>As at the end of December 2019 (Period 9) the 2019-20 revenue budget is forecast to overspend by £1.921m on a net budget of £409.293m (gross £1.401bn). Executive Directors are working to deliver a balanced outturn position at year-end.</p> <p>Ernst and Young, the council's external auditor, has issued an unqualified opinion on the 2018-19 accounts and concluded that the council made appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.⁴²</p>

⁴² <https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/statement-of-accounts/annual-audit-letter-2018-19.pdf>

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Budget Assumption	Explanation of financial forecast and approach
13) The authority's capacity to manage in-year budget pressures	The level of general balances is assessed as part of the budget setting process, reviewed monthly and reported to Cabinet as part of the regular monitoring process. Review and challenge improves the accuracy of budget estimates, which aims to support management and the early identification of budget issues. The regular reporting of risk and monitoring of mitigating actions supports in-year budget management.
14) The strength of the financial information and reporting arrangements	Information on budget and actual spend is reported publicly and monitoring reports are published regularly throughout the year. The reports are on a risk basis, so that attention is concentrated on what is most important.
15) The end of year procedures in relation to budget under/overspends at authority and departmental level	Guidance on end of year procedures is reported annually and arrangements are monitored. Detailed year-end financial information is reported alongside services' performance monitoring. The proposed year end arrangements will be reported to Cabinet for approval.
16) The authority's insurance arrangements to cover major unforeseen risks	<p>The County Council has a mix of self-insurance and tendered insurance arrangements. Premiums are set on an annual basis and reflected within the budget planning. Premiums are subject to annual variance due to external factors and internal performance, risk and claims management.</p> <p>General balances include assessment of financial risk from uninsured liabilities.</p>

6. Robustness of capital estimates

- 6.1. As with the revenue budget, the capital programme is designed to address the authority's key priorities, including schemes which will help transform the way in which services are provided. To this end, the programme is prepared on the basis of a number of factors, including previously agreed projects, spend to save proposals, and infrastructure and property requirements.
- 6.2. Projects are costed using professional advice relative to the size and nature of the scheme. Where appropriate, a contingency allowance is included in cost estimates to cover unavoidable and unforeseeable costs. The programme is guided by a simple prioritisation model: schemes that score less than that achieved by the repayment of debt represent bad value for money. In this way, the Council will achieve the most economic use of its scarce capital resources.
- 6.3. The largest on-going capital programmes relate to transport infrastructure and schools. In both cases there is significant member involvement through Cabinet. For other large projects, appropriate oversight is put in place.
- 6.4. An estimate of potential capital receipts is made each year. The actual level of receipt in any one financial year can never be forecast in advance with any degree of certainty due to market conditions and interest from purchasers and reduced receipts may result in fewer capital projects going ahead or additional future revenue costs.
- 6.5. The risks associated with having to fund large unforeseen programme variations are addressed mainly as a result of the Council being able to amend the timing of projects between years. The ability to re-profile projects between years does not result in a

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significant funding risk because the vast majority of funding is not time-bound, although there are inflationary risks which have to be considered.

7. Summary

- 7.1. This appendix sets out details of the assessment of the robustness of the estimates used in preparing the proposed revenue and capital budget. There are no direct resource implications arising from this report, but it provides information and details of the assumptions used to support the Executive Director of Finance and Commercial Services' statement on the Robustness of the Estimates and provides assurances to Members prior to recommending and agreeing the revenue and capital budgets and plans for 2020-24.
- 7.2. Members could choose to agree different assumptions and therefore increase or reduce the level of financial risk in setting the revenue and capital budgets. This would potentially change the risk assessment for the budget and the recommended level of general balances held.

2020-21 Budget Consultation report

1. Background

In line with previous years, Norfolk County Council conducted an annual budget consultation. The Budget Consultation 2020/21 was open between 23 October and 10 December 2019. The consultation sought views from the public and stakeholders on the level of council tax, including the Adult Social Care precept. We also invited comments on the council's budget approach and proposals. In particular, the consultation asked for views on:

- Our proposal to increase Norfolk County Council's share of general council tax by 1.99% in 2020/21
- Our proposal to raise the social care precept by 2% in 2020/21

This year none of our outline budget proposals needed to go out to further public consultation as none of them directly impacted on service delivery. However, if once the budget is agreed and the Council starts to implement the proposals we discover that any of the proposals do impact on delivering services, then we may need to carry out detailed consultation on those proposals in the future.

2. Methodology

An online consultation was developed which ran for seven weeks, closing on the 10 December. This was hosted on the County Council's consultation hub. Paper copies, large print copies and Easy Read copies were available to download from the online site and also available on request by email and phone.

People could choose which proposals they wanted to comment on so not all respondents answered all questions. Some people also chose to say that they did not want their comments made public.

3. Promotion

In order to ensure as many residents as possible could take part in the consultation it was promoted through the following channels:

- Press releases encouraging participation, generating coverage in KLFM and Your Local Paper.
- Social media promotion on Twitter, Facebook and LinkedIn
- Information on the Council's website www.norfolk.gov.uk
- Information on the staff intranet and staff newsletters
- Email to the 1,509 members of the Council's Your Voice panel
- Letter to key stakeholders, including town and parish councils
- Posters in libraries
- Feature in Your Norfolk magazine distributed to over 418,000 households in Norfolk
- Special edition Your Norfolk extra email to 4,652 residents signed up to the service

In addition to the above we wrote to 435 organisations potentially affected by proposal *CES012: Saving money by maintaining recycling credit payments to Voluntary and Community Groups at 2019-20 levels.*

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Appendix 5: Revenue Budget 2020-21 – Findings of Public Consultation

A general election was announced at the end of October and the Council entered the pre-election period on Wednesday 6 November. This restricted the amount of publicity that we could undertake from this date.

4. Analysis and reporting

Every response has been read in detail and analysed to identify the range of people's opinions, any repeated or consistently expressed views, and the anticipated impact of proposals on people's lives.

Where percentages are used, totals may not necessarily add up to 100% because of rounding. When summarising the feedback to the open questions relating to general council tax, adult social care and budget proposals in general, we have selected quotations to help illustrate key themes emerging from the consultation feedback.

We have also used direct quotations where people have commented on individual budget lines. All quotations used are verbatim. Please note that some respondents asked that we did not publish their comments.

Comments about individual services have been fed back directly to departments.

5. Respondent numbers

We received 203 responses to our consultation. Of these, 158 people or 77.8% replied as individuals.

Responding as:			
An individual / member of the public	158	77.8%	88.6%
A family	22	10.8%	
On behalf of a voluntary or community group	4	2.0%	3.5%
On behalf of a statutory organisation	3	1.5%	
On behalf of a business	0	0%	
A Norfolk County Councillor	1	0.5%	5.5%
A district or borough councillor	0	0%	
A town or parish councillor	4	2.0%	
A Norfolk County Council employee	6	3.0%	
Not Answered	5	2.5%	2.5%
Total	203	100.1%	100.1%

Of the 203 responses received, the overwhelming majority (197 or 97.0%) were online submissions to the consultation.

How we received the responses		
Online submission	197	97.0%
Email	6	3.0%
Paper	0	0%
Total	203	100%

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Appendix 5: Revenue Budget 2020-21 – Findings of Public Consultation

Responses by groups, organisations and businesses

Eleven respondents told us they were responding on *behalf* of a group, organisation or business. The organisations cited were:

- 1st North Walsham Scout Group
- Joint response from Broadland District Council and South Norfolk Council
- Equal Lives
- North Norfolk District Council
- Norwich Older People's Forum
- Norfolk VCSE Sector Leadership Group
- Poringland Parish Council
- Repps with Bastwick Parish Council
- Stow Bedon and Breckles Parish Council
- Taverham Parish Council
- Wretham Parish Council

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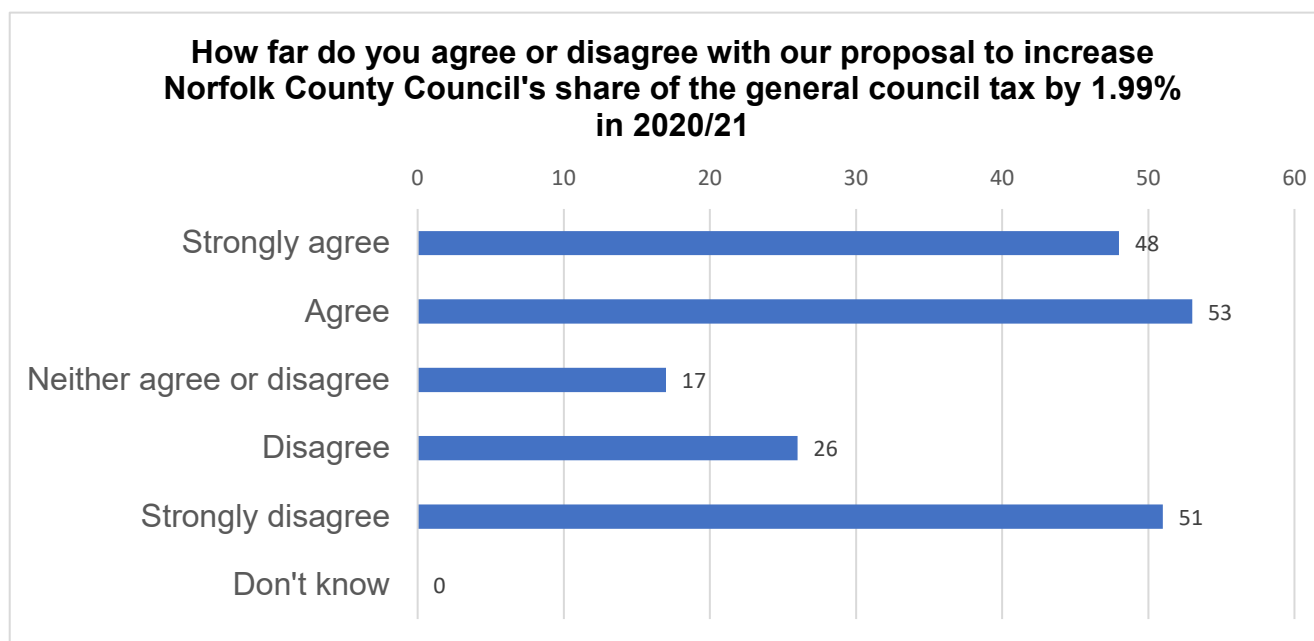
Appendix 5: Revenue Budget 2020-21 – Findings of Public Consultation

6. Survey responses Council Tax

Q: How far do you agree or disagree with our proposal to increase Norfolk County Council's share of general council tax by 1.99% in 2020/21?

We asked how far people agreed or disagreed with our proposal and 195 people responded to this question. Of these:

- 48 (24.6%) said they strongly agreed
- 53 (27.2%) said they agreed
- 17 (8.7%) said they neither agreed nor disagreed
- 26 (13.3%) said that they disagreed and
- 51 (26.2%) said that they strongly disagreed



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Appendix 5: Revenue Budget 2020-21 – Findings of Public Consultation

Of the eight respondents who did not answer the question above, three expressed that they either supported or did not oppose the proposed increase in their comments.

We included an open text box so that people could tell us the reason behind their answer and how, if at all, the proposal would affect them.

Of those **strongly agreeing** (48) or **agreeing** (53) with the proposal, people said that there was a cost associated with providing services and/or the cost of providing services was increasing. People felt that services needed to be maintained or protected, especially frontline services and adult social care. Some of those agreeing felt that the increase was fair and affordable. People also cited the reduction in Government funding and their feeling that there was no alternative but to increase council tax.

Of those **disagreeing** (26) or **strongly disagreeing** (51) with the proposal, people stated that earnings were not keeping up with increases in council tax or that an increase affected those on fixed incomes, such as pensioners. Others felt the proposed increase was unaffordable, that council tax keeps increasing or that the proposed increase was too large. People called for the Council to make greater efficiencies. Some questioned whether council tax was providing value for money, the need for more Government funding was raised and there were some who felt that council tax in general, or our proposal, was unfair.

People who said they **neither agree nor disagree** (17) expressed their unhappiness about Members' expenses and our adult social care charging policy. They also mentioned the level of inflation and that council tax keeps increasing. Two suggested that they might have accepted a small increase.

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Table 1 Analysis of main comments by people who agree/strongly agree with the proposal to increase Norfolk County Council's share of general Council Tax by 1.99% in 2020/21			
Overall theme	Issues raised	Number of times mentioned	Quotes
The cost of services	Comments relating the cost of services and the need to pay for them.	20	<p>I appreciate that care costs keep rising.</p> <p>People want better services therefore they should pay towards them. Nothing is free any more.</p> <p>Services need funding.</p> <p>Services have to paid for.</p>
Protect services for Norfolk residents	Several agreed with our proposal to increase council tax in order to protect, maintain or improve services.	18	<p>We need good public services across Norfolk.</p> <p>Happy to pay to increase services to all in the community to increase quality of the service and reduce waiting times to access support and services</p> <p>I am very concerned about the reduction in public services. This is not the whole answer but it will help.</p> <p>Council services have been cut extensively over the past few years and it is important to maintain those which are left.</p>
	Some said it was particularly important to protect Adult Social Care services / other services.	14	<p>To protect essential services especially social care.</p>

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Table 1 Analysis of main comments by people who agree/strongly agree with the proposal to increase Norfolk County Council's share of general Council Tax by 1.99% in 2020/21			
Overall theme	Issues raised	Number of times mentioned	Quotes
			<p>We have already had service cuts and we should prioritise services to make our communities happier and healthier places. Providing the extra money for needed services (as opposed to having to cut them) will hopefully lead to our increasingly-elder population being able to stay healthier (physically and mentally) and live independently for longer.</p> <p>We need to put money into adult social care and care homes for the elderly</p>
Affordability	Some respondents said that the increase was small, and/or they felt it would have little impact.	8	<p>A very small increase for most.</p> <p>Because the rise is relatively small for the benefit of funding social care needs</p> <p>I can afford it</p>
Fairness	Some felt that the increase was fair or reasonable.	7	<p>Increase in council tax seems fair and affordable and will mean council not having to find extra savings.</p> <p>It means that everyone who pays council tax are contributing equally.</p> <p>To support Children and also the less fortunate elderly a small contribution per household is perfectly reasonable.</p>

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Table 1 Analysis of main comments by people who agree/strongly agree with the proposal to increase Norfolk County Council's share of general Council Tax by 1.99% in 2020/21			
Overall theme	Issues raised	Number of times mentioned	Quotes
Central government funding	Some respondents specifically acknowledged the impact of Government funding cuts / the funding deficit.	4	You have to put care first and the only way to do this is by increasing council tax as Government have strangled monies coming to Councils.
	Others talked about funding in more general terms.	7	<p>Services have been cut to the bone and this is needed to address some of the funding deficit.</p> <p>Services have already been cut drastically. Unless we have a change of government, Norfolk County Council cannot expect much in the way of support from central government, so council tax will have to rise in order to pay for vital services.</p> <p>NCC is clearly underfunded, and must raise income wherever it can</p>
Lack of alternatives	Some said that they felt that there was no alternative to increasing council tax.	5	<p>I agree that County Council functions need to be better funded and at this time raising council tax seems the only option.</p> <p>You have little option.</p>

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Table 2 Analysis of main comments by people who disagree/strongly disagree with the proposal to increase Norfolk County Council's share of general Council Tax by 1.99% in 2020/21			
Overall theme	Issues raised	Number of times mentioned	Quotes
Council tax in relation to incomes and inflation	Many people commented that wages were not keeping up with the increase in council tax.	20	<p>Given that most peoples' salaries have only increased 1% to 2% in recent years, this increase is too high. Those of us who earn just enough to pay full Council Tax will find this increase hard to find.</p> <p>Not sure how you expect the normal working person to keep finding more money back year, When there wages don't increase.</p> <p>My income has failed to keep pace with inflation for over a decade, and the tax is increasingly unaffordable.</p> <p>Household incomes across Norfolk are not significantly increasing and this additional household expenditure will put more pressure on families.</p>
	Some people also mentioned the effect of any increase on those with a fixed income, such as a pension.	8	<p>The increases in council imposed in the last couple of years has had a terrible effect on pensioners like myself, we are now struggling to find this horrendous amount of money. You seem to forget that we are on fixed pension incomes we are not at work because we are moon get employable, so how do you expect us to pay these increases?</p>

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Table 2 Analysis of main comments by people who disagree/strongly disagree with the proposal to increase Norfolk County Council's share of general Council Tax by 1.99% in 2020/21			
Overall theme	Issues raised	Number of times mentioned	Quotes
	People also commented about inflation in general / cost rises elsewhere.	4	<p>We are pensioners and the council tax bill is becoming difficult to keep accommodating yearly increases like this . Pensioners like us get no council tax relief as we are just over the income limit & feel it unfair that we have to face the brunt of this regardless that we are not earning.</p> <p>It's higher than inflation. People are starving, it can't go on.</p> <p>Any increases should be restricted to inflation at most - 1.5%.</p>
Cost of council tax	Several people expressed their view that council tax was unaffordable.	15	<p>This would make A total increase of 3.99% is more than my annual salary increase and this makes it unaffordable.</p> <p>As a young person trying to rent and save for a home, after my rent, bills, council tax and trying to put away some money, I have very very little to live on at the end of this. This is not just a problem faced by me but many of my friends. If council tax rises this is another pressure on funds in an already unaffordable area to live for young people.</p>

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Table 2 Analysis of main comments by people who disagree/strongly disagree with the proposal to increase Norfolk County Council's share of general Council Tax by 1.99% in 2020/21			
Overall theme	Issues raised	Number of times mentioned	Quotes
	People also shared their concern about the amount of council tax continuing to increase.	10	<p>This rise can not continue. It is not sustainable.</p> <p>Our council tax has gone up significantly in the last couple of years (around £20 per month).</p> <p>You have already increased council tax and this money should be government funded. Where do you draw the line.</p>
	Some commented that the proposed rise was too large.	5	<p>That is a shocking increase, you simply cannot expect people to pay such a massive hike when cost of living pay increases go up by nothing like this amount.</p>
Efficiency and waste	People called on the Council to save money by being more efficient.	7	<p>Because you should be able to save this amount by reducing the things you waste money on.</p> <p>There are many other ways in which the Council could be saving money, paying for services such as Room Bookings at Hethel Engineering Centre, NORSE everyday tasks that never seem to be fulfilled on time, Mobile Phone Contracts that should have been cancelled years ago that are still being paid monthly.</p>

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Table 2 Analysis of main comments by people who disagree/strongly disagree with the proposal to increase Norfolk County Council's share of general Council Tax by 1.99% in 2020/21			
Overall theme	Issues raised	Number of times mentioned	Quotes
	Some commented on specific areas they felt were a waste of Council funding.	4	<p>Ndr was £56 million over budget, how much more money is being wasted by incompetence in the council?</p> <p>Stop wasting money on putting in cycle lanes on roads and doing unnecessary changes to the infrastructure!! You are wasting my money!!</p>
Central government funding	Some respondents referred to Government funding.	6	<p>Government needs to meet its obligations not local people being taxed twice.</p> <p>funding should come from central gov</p>
Value for money	Some people commented that whilst council tax was increasing, they felt they were receiving fewer services, or got little in return for their council tax.	6	<p>We pay more than we get</p> <p>As two pensioners who have lived in our 4 bedroom house for forty years how are we expected to pay the ever increasing council tax. Living in a small hamlet we get nothing for the tax we pay just a Refuse BIN COLLECTION, our lane is never swept, the odd police vehicle might drive through once in a couple of months,I would point out that we also have to pay a precept tax as well which keeps going up and for what? as the people who live in the Hamlet get absolutely nothing for this charge...</p>

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Table 2 Analysis of main comments by people who disagree/strongly disagree with the proposal to increase Norfolk County Council's share of general Council Tax by 1.99% in 2020/21			
Overall theme	Issues raised	Number of times mentioned	Quotes
Unfairness	People commented that either the council tax itself or the proposed increase was unfair.	5	Like many single, elderly women I am already too poor to pay income tax but pay 75% of council tax. My married colleagues have another income from their partners but effectively pay less council tax than me. Tax the rich not the poor.

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7. Survey responses adult social care precept

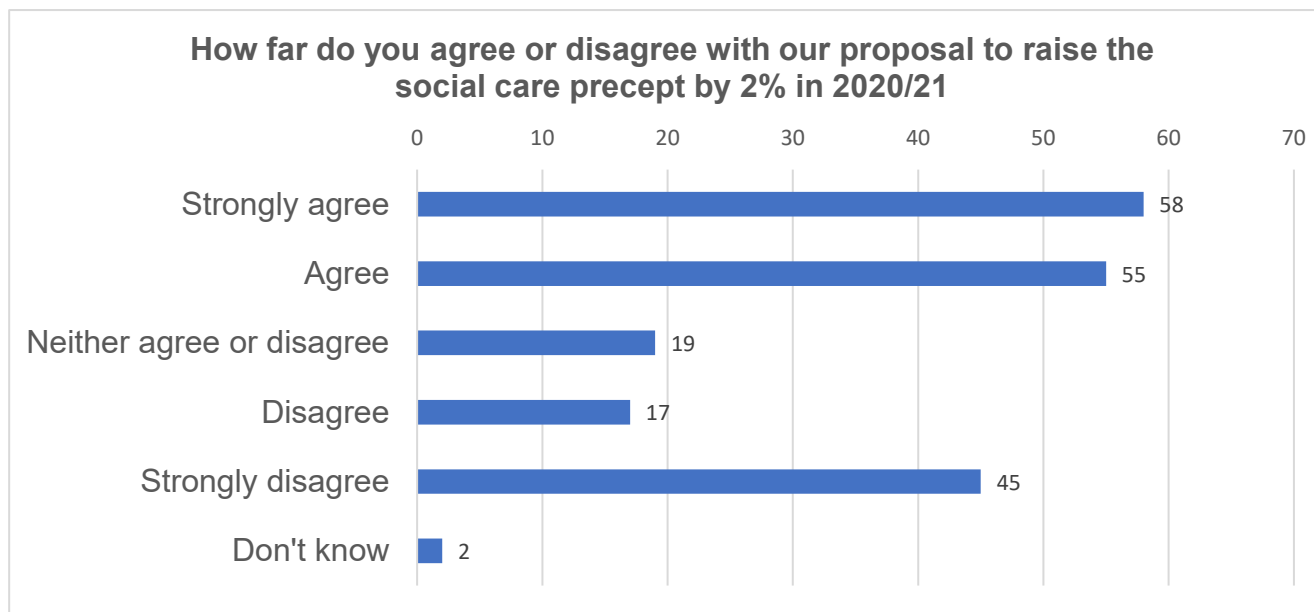
Q: How far do you agree or disagree with our proposal to raise the social care precept by 2% in 2020/21?

We asked how far people agreed or disagreed with our proposal and 196 people responded to this question. Of these:

- 58 (29.6%) said they strongly agreed
- 55 (28.1%) said they agreed
- 19 (9.7%) said they neither agreed nor disagreed
- 17 (8.7%) said that they disagreed and
- 45 (23.0%) said that they strongly disagreed
- 2 (1.0%) said they did not know

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We included an open text box so that people could tell us the reason behind their answer and how, if at all, the proposal would affect them.

Of those **strongly agreeing** (58) or **agreeing** (55) with the proposal, people stated that their response was for the same reasons as they agreed with our proposals around general council tax - that they understood that services cost and felt that social care was needed. Several felt that adult social care was a priority and that frontline services should be protected. People also referred to the Government cuts to local government funding. Some mentioned increased demands for these services in Norfolk, especially given the ageing population. Some felt the increase was fair whilst others thought the increase could be even higher.

Of those **disagreeing** (17) or **strongly disagreeing** (45) with the proposal, people stated that their response was for the same reasons as they disagreed with the general part of council tax increasing, in particular that their earnings were not keeping up and the increase was unaffordable. Some expressed the view that the adult social care precept was unfair or were concerned that the Council would waste any income generated.

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People who said they **neither agree nor disagree** (19) expressed their unhappiness about Members' expenses, mentioned funding adult social care centrally, Government funding in general and affordability for pensioners.

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Table 1 Analysis of main comments by people who agree/strongly agree with the proposal to raise the social care precept by 2% in 2020/21			
Overall theme	Issues raised	Number of times mentioned	Quotes
The need for adult social care	The need for care, especially given Norfolk's ageing population.	12	Care Services are increasingly needed with an ageing population. Norfolk has an ageing population and higher than national average ageing population so this increase is needed.
	Increased demands.	6	Social care needs are likely to continue growing as we have an aging population and it is important that funding is in place to help those who need it People are living longer and need help in a variety of different ways including help with everyday tasks in the home and care away from the home when suffering with dementia Norfolk has a large elderly population that continues to grow. Providing the extra money for needed services (as opposed to having to cut them) will hopefully lead to our elderly population being able to stay healthier (physically and mentally) and live independently for longer
The cost of services	Comments relating to the cost of services and the need to pay for them.	10	NCC needs this money Obviously we all need to contribute to funding services.

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Table 1 Analysis of main comments by people who agree/strongly agree with the proposal to raise the social care precept by 2% in 2020/21			
Overall theme	Issues raised	Number of times mentioned	Quotes
			<p>Services have to be paid for and Care is necessary</p> <p>We need to fund the additional service somehow!</p>
Maintaining valued adult social care services in the light of Government funding cuts	<p>Adult social care seen as a priority, often in relation to comments about Government funding cuts.</p> <p>The service must be maintained / protected</p>	<p>8</p> <p>7</p>	<p>With central government stripping the funding for this you guys need to make it a priority.</p> <p>You have to put care first and the only way to do this is by increasing council tax as Government have strangled monies coming to Councils. I don't think you have a choice.</p> <p>More money is required for social care funding. This has to be a priority. This is the only way we can generate the funds at this time. I think the government needs to make social care funding a priority.</p> <p>Valuable service must not be neglected.</p> <p>The need to increase funding for vital services</p> <p>To protect essential services especially social care.</p>
Protecting vulnerable people	Some commented that it was a social or moral responsibility and/or important to protect vulnerable people.	6	Because everybody has a friend or family member that need adult social care, so therefore I feel that people would be happier to pay towards adult

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Table 1 Analysis of main comments by people who agree/strongly agree with the proposal to raise the social care precept by 2% in 2020/21			
Overall theme	Issues raised	Number of times mentioned	Quotes
			<p>social care via the council tax to help and support it's most vulnerable adults of norfolk.</p> <p>I believe cohesive communities with a sense of well being foster financial investment and economic health. Therefore it is in everybody's interest that social care is delivered to the vest best standard as possible in order to support those in the community who are vulnerable and to work towards health, opportunity, security and a sense of belonging.</p>
Our adult social care charging policy	Some took the opportunity to comment on charges for social care in general and our adult social care charging policy in particular.	6	<p>The system cannot be cut anymore it is bad enough that you charge people for social care as it is.</p> <p>We need to support the most vulnerable in our society. They are having cuts to a Personal budgets, respite, transport and having their benefits taken from them because NCC has implemented the MIG. These people will and are becoming isolated. Their well-being will and us being adversely affected and also the lives of their carers</p>
Fairness	Some stated that the increase was fair / acceptable.	5	<p>This is a fair increase for the financial year.</p> <p>This figure seems more acceptable.</p>

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Table 1 Analysis of main comments by people who agree/strongly agree with the proposal to raise the social care precept by 2% in 2020/21			
Overall theme	Issues raised	Number of times mentioned	Quotes
A larger increase needed	Comments that the adult social care precept could be higher.	5	Agree, but think it should be higher. A tiny price to pay for essential social services. You could double or treble the increase and it would make little difference to most people, while offering maximum benefit to those who need it most.

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Table 2 Analysis of main comments by people who disagree/strongly disagree with the proposal to raise the social care precept by 2% in 2020/21			
Overall theme	Issues raised	Number of times mentioned	Quotes
Adult social care precept in relation to incomes and inflation	Several people commented that wages were not keeping up with the increase in council tax.	9	<p>3.99% increase is significant on probably everyone's largest household bill. All other utility bills increase annually and wage increases do not for most cover all the increases leaving us all worse off.</p> <p>My issue is, my income has not risen for over 5 years, all my out going have. I struggle to pay my current council tax rate and just don't know how I would cope with an increase. Government cuts have hit everyone really hard over the years. Keeping passing on the short fall down the line, expecting the people at the bottom of the pile to pay for the short fall, makes life stressful, miserable and in the end question what we are here for.</p> <p>Why should contribution to Council services be greater than average pay rise each year.</p>
Cost of council tax	Several people expressed their view that council tax was unaffordable.	9	<p>I completely understand the need to raise more money to pay for services, as the government has cut funding. My issue is, my income has not risen for over 5 years, all my out going have. I struggle to pay my current council tax rate and just don't know how I would cope with an increase.</p>

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Table 2 Analysis of main comments by people who disagree/strongly disagree with the proposal to raise the social care precept by 2% in 2020/21			
Overall theme	Issues raised	Number of times mentioned	Quotes
			Many people are already struggling and this isn't including - police, village precept etc that will probably also go up and make it even harder for households.
Fairness	Views that the adult social care precept was unfair to those who worked or who did not claim benefits.	8	<p>Once again it's the people who have tried to support themselves and are not on benefits who suffer from the increases in taxes. In my case, being single, I would have to sell my house to pay for my care, while others on benefits and social housing get their care for nothing. How is this right? Some people in this country have never worked, never saved and yet get everything given to them.</p> <p>With adult social care there is an excessive burden placed on the community to provide support. The children of elderly people perhaps should be means tested: if the parent has chosen to spend rather than save for their old age, or if children are earning well it seems immoral that others are expected to meet costs.</p>
Council wastefulness	Some felt that the Council would waste any increased funds or spend it on things that they personally did not value.	5	The council will simply waste the money and not invest it appropriately. If I felt it were going to be used appropriately I would agree with this. Truth is it is just another cash cow for incompetence.

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8. Business Transformation

91 people commented on budget approach in Business Transformation. The key themes to emerge included:

- **General support for our proposals (18)** The business transformation proposals appear to be sound **with provisos (2)** it is good in theory as long as it doesn't end up costing more in the end.
- **Comments relating to manager/staff ratios and need for frontline staff (10)** Same bull that's published every year but no real saving as too many new managers employed to oversee the changes rather than investing in trained front line staff to effectively deliver services.
- **Ideas for ways that we could save money in this area (8)** You have a very large office space, which could be rented out in sections to the private sector or combined with other government agencies like Broadland Council who operate out of a tiny venue, with zero parking.
- **Suggestions that we should already be implementing these proposals (7)** These don't seem very radical. These are all things that really should be happening already.
- **Concerns that our proposals won't meet our objectives (7)** Some of the proposed efficiency savings look optimistic. It is my experience that technology does not generate savings only reduction in headcount can achieve this.
- **A call to become more efficient (6)** All administration/finance departments should be streamlined to be as efficient as possible, targets should be set, deadlines adhered to, you need turn around times for everything.

We also received feedback on the following individual proposals:

Proposal	Number of times mentioned	Themes / quotes
BTP001 - Continuing our smarter working programme, which achieves efficiencies by changing the way we work.	4	<p>Good news, would be interesting to see detail on what the councils initiatives would be - BTP001 for example has different savings in each of the next three years but zero benefit once we reach 23-24?</p> <p>Yes a great idea but only gives results when people are working effectively and productively.</p>

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Proposal	Number of times mentioned	Themes / quotes
		We hope your review of your traded services to make sure they are run on a fair commercial basis will carefully consider any cost implications for other local authorities and any knock-on impact these may have on the important services provided to the residents of our county.
BTP002 - Rationalising and making the most of our own properties to reduce external venue hire costs.	5	<p>Seems to offer a clear opportunity for saving. Presumably the differences between the figures for the first 3 years listed reflect growing awareness of more efficient/cost saving practices. Why is it taken so long to implement?</p> <p>Properties that can be sold off should be if empty. renting properties for a peppercorn rents are not the way forward.</p> <p>Finally, we enthusiastically support your proposals to make the most use of your properties throughout the county and the opportunity to work with you on developing local service strategies to provide an integrated service offer to residents through increased locality working.</p> <p>... the savings proposed under reference BTP002 - Rationalising and making use of our own properties to reduce external venue hire costs are pretty modest and could be larger if shared use was to be made of other “public” estate assets such as District Council offices, increased sharing of space such as libraries with Towns and Parish Councils and there was more joined up thinking around public health and primary care commissioning and service delivery.</p> <p>I am surprised at the costs associated with the used of external venue hire, considering the vast property portfolio available to NCC and i would strongly recommend that this part of the proposal is speeded up as quickly as possible and maybe quicker than the time frame you are proposing.</p>
BTP003.1 - Increasing council tax and business	4	Prevention and detection of fraud are - in my eyes - extremely important. Prior to retirement, I was the Senior Fraud Officer in a Private Bank, so I know how important it

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Proposal	Number of times mentioned	Themes / quotes
rates income by preventing and detecting fraud.		<p>is not to lose money to fraud. The best people should be in place to assist with the fight against fraud. Further, errors and mistakes are also important areas where money can be lost, so staff training must be of the highest order at all times.</p> <p>It would be useful if you were able to compare per capita spend with that in other authorities. For BTP003.1, how have you arrived at the figure of £1M and does it only apply in 2 financial years? Why?</p> <p>While we agree on the merits of increasing council tax and business rates collection, we need to be assured about the effectiveness and delivery of the fraud hub approach and believe that both the County's and the Districts' ambitions need to be considered when deciding how to tackle this issue. We welcome the opportunity to continue to work jointly on this with you.</p> <p>... would ask how the County Council proposes realising these savings / efficiencies given that the responsibility for collecting Council Tax and Business Rates, including detection and prevention of fraud rests with district and borough councils where there are varying levels of collection rates across the County.</p>
BTP003.2 - Digitising print, post, scan and record storage leading to a reduction in direct costs.	1	An Electronic Document Management System was procured a number of years ago at a cost in excess of this amount and wasn't ever used in anger. Presumably you will now use the previously procured system?
BTP003.3 - Making the most of technology to make every day business transactions more efficient.	3	<p>If technology can be better used then there is every reason to expect this happen in the next Tax year rather than delaying.</p> <p>It would be useful if you were able to compare per capita spend with that in other authorities. For BTP003.1, how have you arrived at the figure of £1M and does it only apply in 2 financial years? Why? The same question arises with BTP003.3. In that case</p>

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Proposal	Number of times mentioned	Themes / quotes
		<p>it is a single year's saving. You also do not seem to mention how much it will cost in new systems, staff training etc. Is the saving net (i.e. does it include costs)?</p> <p>This is welcome in principle but is it feasible given that digital reach in Norfolk still leaves a lot to be desired.</p>
BTP004 - Receiving discounts from suppliers by offering them early payments.	3	<p>To keep changing suppliers costs money....perhaps terms should be agreed and costs agreed for a longer term to give security to the providers and maintain quality by quality control measures and fines when quality is not adhered to.</p> <p>Suppliers should be paid promptly anyway, not be expected to give a discount to persuade you to do what you should have done in the first place</p>
BTP005 - Reviewing all of Norfolk County Council's traded services to make sure they are run on a fair commercial basis.	1	<p>To keep changing suppliers costs money....perhaps terms should be agreed and costs agreed for a longer term to give security to the providers and maintain quality by quality control measures and fines when quality is not adhered to.</p>

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9. Adult Social Services

107 people commented on our budget approach in Adult Social Services. The key themes to emerge included:

- **General support for our proposals (16)** A sensible approach to prevent more costly interventions later and improve quality of life **with provisos (5)** The reablement program is a good idea in theory, but there are many who have terminal issues such as dementia or MND that can not be reabled, therefore a project to help those should also be in place
- **Comments relating to our adult social care charging policy (14)** You are saving money by charging the most vulnerable residents of Norfolk, you are not supporting them to stay at home, as you are taking a large proportion of their benefits. How can this be justified. You are cutting support for the disabled, cutting their money, therefore leaving them isolated and with no money. This is not supporting it's taking it away. Adult social care is in crisis and your only making it worse for the working age disabled.
- **The need to work closer / differently with the NHS (9)** The partnership between the NHS and social care is poor with little direction and social services are blamed for delayed transfers of care, often without supporting evidence.
- **Calls to invest in adult social care (8)** You do not need to be saving from adult social care you need to be putting more funding in to it !
- **Calls for more / better trained care staff (8)** You need more social workers yet there aren't enough. This takes time and training and at least 3-4 years of it to work...
- **Concerns that our proposals won't meet our objectives (7)** People who are actually eligible for a service are quite unable to be independent and require support. If they were able they wouldn't need a service. NCC are clouding over cracks with the talk of transformation.
- **Calls not to make savings in this area (7)** I do not believe there should be any reduction in funding to Adult Social Services.
- **Comments about promoting independence (6)** I agree that people should be at home where possible but only if good care and support is provided. This should be delivered by the council and not outsourced to the lowest bidder who only cares about profit margins
- **Ideas for how we could make savings / improvements in this area (6)** I wonder if the Council has looked into the feasibility of building modern almshouses (with a enlightened and very user friendly, contemporary vision, obviously). I believe the concept of appropriate housing for independent living, built around a courtyard and located close to the busy centre of communities would offer the elderly a more sociable and inclusive way of life, preventing the isolation and anxiety that can have such a debilitating affect on health and well being. It would also, perhaps, prove a money-saving initiative as any need for preventative care might be more efficiently notified with some level of nursing support offered to the almshouse community as a whole.

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- **A call to become more efficient (5)** Providing joined up service delivery with county, districts and NHS etc as a complete customer journey would make the whole process more efficient and reduce numbers of people involved. Making data flow between partners and requests automated etc to speed up service delivery, remove all bottlenecks in providing services and focus on the customer needs not the organisational ones.

We also received feedback on the following individual proposals:

Proposal	Number of times mentioned	Themes / quotes
ASS001 - Expanding home based reablement , which saves money in the long term by preventing unnecessary hospital admissions and supporting more people to swiftly return home from hospital.	6	<p>Home Care cannot possibly be as cost effective as "residential" care in many cases. One Home Carer/Nurse cannot PROPERLY nor EFFICIENTLY look after the same number of patients in rural areas, in particular because of travelling distances as One Carer/Nurse can in "residential" care. THIS IS COMMON SENSE!!! The money would be better spent on re-introducing Community Hospitals where patients, including those having had operations, would be treated properly, efficiently and attended to more often. District Nurses should be "attached" to these Community Hospitals as well as G. P. Surgeries and Social Services.</p> <p>I'm not sure I'm understanding the way the figures are set out but if you are saying that you will spend £5m per year less on home-based reablement, that sounds exactly the opposite of what is needed. Or are you saying you will spend more, but that the result will be a £5m saving elsewhere?</p> <p>ASS001 and ASS003 will put additional pressure on the carers and families of patients. If this is not handled carefully carers themselves may end up needing more support.</p> <p>In adult social care, we value the work we are doing with you on successful programmes such as District Direct and welcome the budget proposals to reduce the need for residential care by expanding home based and accommodation based reablement and working better across health and social care teams to help prevent falls. We believe the best way to achieve this goal is by investing in communities, with</p>

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Proposal	Number of times mentioned	Themes / quotes
		<p>an emphasis on partnerships, capacity building and increasing the availability of community help, rather than relying on the voluntary sector alone.</p> <p>... has concerns about the savings proposed under references ASS001, ASS002 and ASS003 in that it perceives that demand for all of these services in Norfolk is high and will remain so given the ageing demographic which is much older than the national average and should therefore be recognised by Government.</p> <p>ASS001, ASS002, ASS003 - While we welcome the expansions of these services.</p>
<p>ASS002 - Expanding accommodation based reablement, which saves money by enabling people with higher needs to quickly return to their home from hospital without needing residential care.</p>	4	<p>Home Care cannot possibly be as cost effective as "residential" care in many cases. One Home Carer/Nurse cannot PROPERLY nor EFFICIENTLY look after the same number of patients in rural areas, in particular because of travelling distances as One Carer/Nurse can in "residential" care. THIS IS COMMON SENSE!!! The money would be better spent on re-introducing Community Hospitals where patients, including those having had operations, would be treated properly, efficiently and attended to more often. District Nurses should be "attached" to these Community Hospitals as well as G. P. Surgeries and Social Services.</p> <p>In adult social care, we value the work we are doing with you on successful programmes such as District Direct and welcome the budget proposals to reduce the need for residential care by expanding home based and accommodation based reablement and working better across health and social care teams to help prevent falls. We believe the best way to achieve this goal is by investing in communities, with an emphasis on partnerships, capacity building and increasing the availability of community help, rather than relying on the voluntary sector alone.</p> <p>... concerns about the savings proposed under references ASS001, ASS002 and ASS003 in that it perceives that demand for all of these services in Norfolk is high and</p>

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Proposal	Number of times mentioned	Themes / quotes
		<p>will remain so given the ageing demographic which is much older than the national average and should therefore be recognised by Government.</p> <p>ASS001, ASS002, ASS003 - While we welcome the expansions of these services.</p>
<p>ASS003 - Extending home based support for people with higher level needs or dementia so that they can remain in their home especially after an illness or hospital stay, which saves money on residential care.</p>	4	<p>Home Care cannot possibly be as cost effective as "residential" care in many cases. One Home Carer/Nurse cannot PROPERLY nor EFFICIENTLY look after the same number of patients in rural areas, in particular because of travelling distances as One Carer/Nurse can in "residential" care. THIS IS COMMON SENSE!!! The money would be better spent on re-introducing Community Hospitals where patients, including those having had operations, would be treated properly, efficiently and attended to more often. District Nurses should be "attached" to these Community Hospitals as well as G. P. Surgeries and Social Services.</p> <p>ASS001 and ASS003 will put additional pressure on the carers and families of patient. If this is not handled carefully carers themselves may end up needing more support.</p> <p>... concerns about the savings proposed under references ASS001, ASS002 and ASS003 in that it perceives that demand for all of these services in Norfolk is high and will remain so given the ageing demographic which is much older than the national average and should therefore be recognised by Government.</p> <p>ASS001, ASS002, ASS003 - While we welcome the expansions of these services.</p>
<p>ASS004 - Working better across health and social care teams to help prevent falls, which in turn helps prevent hospital admissions</p>	2	<p>This seems a very sensible way forward as it is confusing for members of the Public to have 2 separate Falls Services, one in Health and one in Adult Social Care, so would be helpful to move towards a more integrated approach.</p> <p>In adult social care, we value the work we are doing with you on successful programmes such as District Direct and welcome the budget proposals to reduce the</p>

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Proposal	Number of times mentioned	Themes / quotes
and saves money on residential care.		need for residential care by expanding home based and accommodation based reablement and working better across health and social care teams to help prevent falls. We believe the best way to achieve this goal is by investing in communities, with an emphasis on partnerships, capacity building and increasing the availability of community help, rather than relying on the voluntary sector alone.
ASS005 - Supporting disabled people to access grants that are available for access to education and support to attend university.	2	I think this would be a very helpful investment as part of helping people to be as independent as possible and to help into universities and possibly also increasing chances of employment. ASS005, ASS006 - We would like more detail on these elements before commenting.
ASS006 - Increasing opportunities for personalisation and direct payments , which will help both increase choice of services and value for money, through more efficient commissioning.	2	ASS006 is flawed. Outsourcing increases rather than decreases the overall cost of service delivery as it adds further steps in the chain. Rather than outsource services, cheaper and better delivery is achieved by providing services in house. Oversight and management costs are reduced releasing more to be spent on the service delivery itself. This is true in all cases, save where there is a genuine cost arbitrage (eg moving work to a lower cost environment, which isn't possible when the work needs to be undertaken in situ) or genuine scope for economies of scale (which by and large only applies to manufacturing or niche specialist services). ASS005, ASS006 - We would like more detail on these elements before commenting.
ASS007 - Reviewing how we commission residential care services to save money by making sure we have the right services in the right place.	1	There is not enough explanation here. The residential care home sector is already stretched and there have been several closures in recent years. Squeezing them further could mean that self-funders have to pay more.
ASS008 - Developing consistent contracts and prices for nursing care by	0	

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Proposal	Number of times mentioned	Themes / quotes
working more closely with health services.		
ASS009 - Debt management (one-off) - reclaiming money owed by other organisations.	1	How are there savings of £0.5m in 2020/21 as the one off debt recovery and then costs of £0.5m in 2021/22 which result in a net saving of 0. Surely this can't be correct? Unless the cost of the recovery equals the debt, then really is there any point!
ASS010 - Reducing the money we spend on supporting providers to develop a market of affordable, quality, social care.	0	
ASS011 - Reviewing staffing levels in back office and support services.	2	Staffing level reduction against a rising demand is a nonsense. Will this just put more pressure on social services if things don't go smoothly in the background? Will these people who lose their jobs in this role be reskilled and put into new positions?
ASS012 - Funding of the Norfolk Swift Response Service by Health.	4	This seems a very sensible way forward as it is confusing for members of the Public to have 2 separate Falls Services, one in Health and one in Adult Social Care, so would be helpful to move towards a more integrated approach. ASS012 is not appropriate. Given the significant numbers of vulnerable people on the unmet needs register, swifts is the only support they have. Reduce the level of support swifts can provide and you will massively increase the burden on families, the healthcare system and your front line social service workers. You will also be exposing already vulnerable and unsupported people to increased risk of harm.

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Proposal	Number of times mentioned	Themes / quotes
		<p>There is not enough explanation as to where the savings come from. Swifts is a vital service for people looking after frail elderly people. Changing the service could place additional pressure on other parts of the health and care system.</p> <p>... concerns over the proposed withdrawal or reduction in funding to the Norfolk Swift Response Service - reference ASS012, which it is concerned will result in costs being “shunted” elsewhere in the system - either within the County Council, District Councils, health and voluntary sectors.</p>

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10. Children's services

83 people commented on our budget approach in Children's Services. The key themes to emerge included:

- **General support given for the proposals (11)** this seems a logical approach **but with provisos (7)** As long as it done case by case, but more important is dealing with the cases you have now and making those children / young people are better served and looked after.
- **Unhappiness over recent changes to childrens centres (9)** You closed the way this was already being done!! Places like watton don't have a sure start centre or can get to one on public transport... this has created more issues, needing more money... so we are now covering issue you created through our money!
- **Calls not to make savings in this area (8)** Children's services have been cut enough in the past.
- **Ideas for how we could make savings / improvements in this area (6)** Please review whether substantial savings could be made by the voluntary sector providing the Early Help offer in Norfolk. Please externally commission any new services for children. Please review the quality of your commissioning teams and the amount of funding that is invested in commissioning teams.
- **Calls to invest in children's services (6)** we cannot sustain any more savings within Children's Services. Services are already underinvested in. Short Breaks, SEND and Social Worker Support all need investment. Putting aside the SEND Transformation Strategy Funding, more smarter funding is needed.
- **Concerns that our proposals won't meet our objectives (5)** Again We find it hard to comment due to the lack of detail in the proposals however being as the children's services have been improving of the last few years but still need to improve further we would question the rational of adding the pressure of cuts at this point.
- **Calls to help families as early as possible (5)** Investing in services working to prevent family breakdown has to be a priority, not least because it saves costs in the longer term.

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We also received feedback on the following individual proposals:

Proposal	Number of times mentioned	Themes / quotes
CHS001 - Prevention, early intervention and effective social care – Investing in an enhanced operating model which supports families to stay together and ensures fewer children need to come into care.	5	<p>It is so sad regarding children's services....parents should be responsible and education begin in school with prospective parents. I have no answer for any of the above other than CHS001 to try at the earliest opportunity to educate and support.</p> <p>Better contraceptive support and educational support to discourage having children when families already have too many social problems.</p> <p>Early help is not early intervention, invest in more early intervention in particular with young people. Norfolk need a youth service, professional youth workers are trained to deal with poor mental health, ASB, NEATs. This is real early intervention</p> <p>We also welcome your proposed investment in prevention, early intervention and effective social care in children's services. As part of this strategy, we would welcome the support of Norfolk County Council's Children's Services in redesigning our successful Early Help Hubs to move them to the next stage of their development.</p> <p>... concerned that the savings proposed across proposals CHS001, CHS002 and CHS003, even allowing for the additional costs proposed by reference he CHS004 will result in a stalling if not reversal of the positive progress made in recent years in reducing the number of families in crisis and children entering the care system.</p>
CHS002 - Alternatives to care – Investing in a range of new services which offer alternatives to care using enhanced therapeutic and care alternatives, combined with a focus on support networks	2	<p>This sounds a very helpful way forward as part of also aiming to improve outcomes for young people as they move into adulthood.</p> <p>... concerned that the savings proposed across proposals CHS001, CHS002 and CHS003, even allowing for the additional costs proposed by reference he CHS004 will result in a stalling if not reversal of the positive progress made in recent years in reducing the number of families in crisis and children entering the care system.</p>

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Proposal	Number of times mentioned	Themes / quotes
from extended families keeping families safely together where possible and averting family crises.		
CHS003 - Transforming the care market and creating the capacity that we need – Creating and commissioning new care models for children in care – achieving better outcomes and lower costs.	2	For CHS003 (and some of the others, how will you measure "achieving better outcomes". Is there a nationally recognised audit or will you make this up as you go along? ... concerned that the savings proposed across proposals CHS001, CHS002 and CHS003, even allowing for the additional costs proposed by reference he CHS004 will result in a stalling if not reversal of the positive progress made in recent years in reducing the number of families in crisis and children entering the care system.
CHS004 - Our Children's Services transformation programme is continuing to develop and so we can make more savings this year. We have therefore replaced our previous saving CHL049 with the three new savings above (CHS001, CHS002 and CHS003), which are clearer about the specific areas we are making savings in.	0	
CHS005 - Since we set last year's budget, our joint work across the children and young people's mental health system has developed into a	2	More money needs to be allocate dto mentl health as this is a huge issue in Norfolk. ... welcomes the additional funds proposed to support the improved provision of Children's and Young Peoples Mental Health Services.

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Proposal	Number of times mentioned	Themes / quotes
comprehensive redesign of the system as a whole. This change of direction means it no longer makes sense to deliver saving CHL047 that just focused on one part of the system.		

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11. Community and Environmental Services

91 people commented on our budget approach in Community and Environmental Services. The key themes to emerge included:

- **Comments related to perceived increase in / problems with flytipping (13) and or charges for recycling (7)** I think that the council should rethink the charges for council tips. There is such a problem with fly tipping these days. Stiffer penalties would go some way to stopping this, as would fewer charges at council tips for individuals.
- **General support for our proposals (6)** This approach appears to be sound **but with provisos (2)** As long as the people in your community get the help they need then any saving would be good to help others.
- **Concerns that our proposals won't meet our objectives (6)** So many of these 'savings' have the potential to cost more in the long term. As just one example, the increase in fly-tipping, with all its associated costs, is an almost inevitable consequence of charging for waste disposal. No one wants inefficiencies but every action has a consequence and politicians at all levels do not always seem very good at understanding what those might be.
- **Ideas for how we could make savings / improvements in this area (5)** Using the facilities in museums and the libraries more often for running courses and holding meetings.
- **Suggestions that we should already be implementing these proposals (5)** These should be done now. Common sense again.

We also received feedback on the following individual proposals:

Proposal	Number of times mentioned	Themes / quotes
CES001 - Additional efficiencies in staffing and operations to progress the Adult Learning service towards its goal of being cost neutral.	5	<p>Why isn't this already cost neutral?</p> <p>"Additional efficiencies" - NCC has been saying this sort of thing across areas for years and years and still you use the same rhetoric. I could go on. Why have NCC not instigated such common sense options long before now?</p> <p>The idea that Adult Learning should be cost neutral (CES001) is an outstandingly stupid concept. What this means, in effect, is a reduction in the provision. Look at the demographics and ask people what sorts of courses they want to have. For those with</p>

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Proposal	Number of times mentioned	Themes / quotes
		<p>a vocational aspect, look for sponsorship from local businesses. Engage with NUA and UEA in partnership. You could also apply for EU grants - but unfortunately Norfolk voted for Brexit.</p> <p>This could affect Adult Learning's contribution to reducing loneliness and isolation.</p> <p>Adult learning should be invested in to help adults into jobs not cut.</p>
CES002 - Achieving economies of scale in our Customer Service Centre by expanding the services that we deliver.	1	... many of these savings are relatively small, but might not be realised or create demand / costs in other parts of the local authority system, such that a wider discussion across the local authority sector is required.
CES003 - Reviewing processes and operating model to drive further efficiencies within Customer Services.	1	"Reviewing processes and operating model to drive further efficiencies" NCC has been saying this sort of thing across areas for years and years and still you use the same rhetoric. I could go on. Why have NCC not instigated such common sense options long before now?
CES004 - Reducing the costs of our recycling centre contracts.	8	<p>If this means that either users of local recycling centres will face increased charges or that discouragements to people to use these centre will result in more fly-tipping this may be a stealth tax as the victims will be subsidising the "savings".</p> <p>To keep our beautiful countryside there should be NO CHARGES at Recycling Centres, and NO CUTBACKS. Expecting Country Persons to clear up behind Rogue Dumpers who leave waste littering the Countryside as well as Roadsides is very unfair and often costly. Those clear ups done by the Council is very expensive to the Council.</p> <p>Not a lot of scope for savings here Cutting back on recycling centres has already lead to more fly tipping and greater cost to the police and land owner.</p>

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Proposal	Number of times mentioned	Themes / quotes
		<p>Why are both recycling centres in Breckland shut at the same time, surely it would be more cost effective to have them open on different days so the same staff can operate both over the week?</p> <p>In respect of CES004/005, I believe that many residents are not over happy that Recycling Centres are unable more recently to accept fewer items, which might lead to an increase in fly-tipping. We try to recycle as much as we can, but it can be irritating to get to a Recycling Centre with items only to be told that they cannot be recycled or have to be added to landfill. Perhaps there needs to be an increase to budget to ensure that recycling and waste are effectively and better disposed of.</p> <p>CES004 and CES005 could result in a further increase in fly-tipping</p> <p>... that many of these savings are relatively small, but might not be realised or create demand / costs in other parts of the local authority system, such that a wider discussion across the local authority sector is required.</p>
<p>CES005 - Adjusting our budget for recycling centres in line with predicted waste volumes.</p>	5	<p>If this means that either users of local recycling centres will face increased charges or that discouragements to people to use these centre will result in more fly-tipping this may be a stealth tax as the victims will be subsidising the "savings".</p> <p>To keep our beautiful countryside there should be NO CHARGES at Recycling Centres, and NO CUTBACKS. Expecting Country Persons to clear up behind Rogue Dumpers who leave waste littering the Countryside as well as Roadsides is very unfair and often costly. Those clear ups done by the Council is very expensive to the Council.</p> <p>Why are both recycling centres in Breckland shut at the same time, surely it would be more cost effective to have them open on different days so the same staff can operate both over the week?</p>

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Proposal	Number of times mentioned	Themes / quotes
		<p>In respect of CES004/005, I believe that many residents are not over happy that Recycling Centres are unable more recently to accept fewer items, which might lead to an increase in fly-tipping. We try to recycle as much as we can, but it can be irritating to get to a Recycling Centre with items only to be told that they cannot be recycled or have to be added to landfill. Perhaps there needs to be an increase to budget to ensure that recycling and waste are effectively and better disposed of.</p> <p>CES004 and CES005 could result in a further increase in fly-tipping.</p>
CES006 - Saving money by renegotiating our highways contracts.	1	<p>Only comment i can make is Have you seen the roads and pathways in Norfolk? if you can call some of them roads! A better deal is to make sure when the highways do a job they do it correctly, THET ALL and NOR ALL thats a laughable mistake and makes a mockery out of the County Council.</p>
CES007 - Saving money by purchasing fire service equipment, rather than leasing it.	3	<p>Our Fire & Rescue Service is a valuable service and needs to be appropriately funded. There is a difficult balance between leasing and owning, if you own equipment will need maintenance and servicing, will there be provision for the ongoing costs associated or as in some leases these costs are included.. so will there be any real saving?</p> <p>Don't forget to include maintenance, training & replacement costs. I doubt that buying fire service equipment will create a saving as the Council will now also have the cost of maintenance and replacement.</p>
CES008 - Reviewing posts in our Culture and Heritage service to ensure that we have the right number of staff with the right mix of skills.	0	

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Proposal	Number of times mentioned	Themes / quotes
CES009 - Saving money in our post room by reducing staff and the costs of our contracts.	1	the post service is appalling at the best of times - it would be good to see a more detailed proposal relating to how it will affect efficiency of service if staffing numbers are cut
CES010 - Reviewing staffing and vacancies in Trading Standards to ensure that we have the right number of staff with the right mix of skills.	1	Trading Standards does a lot of work on rouge traders and ensures food is safe, so no reduction.
CES011 - Reviewing vacancies in Waste Services to ensure that we have the right number of staff with the right mix of skills.	0	
CES012 - Saving money by maintaining recycling credit payments to Voluntary and Community Groups at 2019-20 levels.	8	<p>Support this reduction.</p> <p>We would support the below amount of what is paid for recycling products. Any increase is amazing, staying the same would also be satisfactory. Many thanks for contacting us.</p> <p>The reduction in Recycling Credits is understandable but I question whether the savings outweigh the good that money can do in local communities.</p> <p>Instead of maintaining levels of recycling credits to 2019-20 levels, why not reduce the amount paid per tonne to, say, £50? this non-statutory incentive payment will still be a bonus to non-profit organisations but will save the council further thousands (hundreds of?) in payments whilst still giving these organisations an incentive to retain their collection points.</p>

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Proposal	Number of times mentioned	Themes / quotes
		<p>I don't believe that you should hold the Recycling Credit rate at £60.36 per tonne, but should make an inflationary increase to £62.17 per tonne in 2020/21. I don't think that withholding £5,000 to save from your budget by penalising tiny, often volunteer supported, non-profit organisations and Parish councils is a very fair way to go. Many people support these recycling facilities because of the beneficiaries of the credits. They do sort out, very specifically, the items for the recycling facilities. These items will simply increase the unsorted recycled refuse if people are discouraged in any way from recycling in this manner.</p> <p>... many of these savings are relatively small, but might not be realised or create demand / costs in other parts of the local authority system, such that a wider discussion across the local authority sector is required.</p> <p>*My Council was disappointed and surprised to receive your email about considering a reduction in Recycling Credits in 2020/2021. For Parish Councils, this could as a result make them need to increase their precepts to cover the shortfall. This would mean that the cost to the tax-payer, who eventually pays, would be shifted from county council to parish council line on their Council Tax bills. Non-profit making organisations would be adversely hit at a time when the need for them is at its greatest because of the reduction in funding from both central and local government. Bottle banks greatly help meet targets for recycling. Seeing them is a valuable reminder of the need to recycle. That this proposal would only create an estimated saving to the County Council of £5,000 was a surprise. The time an effort put in to carrying out this consultation will probably cost NCC close to that amount. Add to that the time and effort spent by the some 400 bodies considering the matter and responding, and there is a net cost, not a saving at all! So, my Council asks that you continue to reward bodies who host recycling facilities, which was, we feel, the government's intention when introducing the legislation.</p> <p>(* Please note: This response was provided by two different parish councils)</p>

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Proposal	Number of times mentioned	Themes / quotes
CES013 - Saving money on treating street sweeping arisings by re-procuring our contract.	0	
CES014 - Adjusting budget for recycling credits in line with predicted recycling volumes.	1	We agree that using predicted waste volumes to adjust the budgets for recycling centres is important to avoid wasting money and build a more data-driven service that can adapt to future demands. We would like to work with you on this in order to minimise any negative impacts on waste-collection authorities and on our natural environment for example by potentially leading to increases in fly-tipping.
CES015 - Saving money by maintaining recycling credit rates to District Councils for some materials at 2019-20 levels.	2	Regarding the proposals to save money by maintaining recycling credit rates to District Councils for some materials, we are concerned that this may lead to unintended financial consequences for waste collection authorities such as ourselves and would urge you to reconsider this approach. While we fully appreciate that difficult decisions need to be made due to the massive funding pressures that local government is currently facing, we believe that by working together we may be able to find more creative solutions to such problems. ... many of these savings are relatively small, but might not be realised or create demand / costs in other parts of the local authority system, such that a wider discussion across the local authority sector is required.
CES016 - Matching the contribution made by Districts to the Waste Partnership communications budget.	0	
CES017 - Reviewing the operation of Museum	2	Agree with all your proposals on this but feel the museum catering could be so much better in its offering, prices and event catering options - good luck!

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Proposal	Number of times mentioned	Themes / quotes
catering facilities to make them more commercial.		All catering in NCC outlets (Museums, Offices, etc.) need to be provided in house but run on a commercial basis.
CES018 - Saving money and increasing income by reviewing Culture and Heritage service room hire arrangements to make more cost-effective use of space.	1	All NCC facilities (including C&HS) that can be used by external users should be run on a commercial basis and generate income when not required by the department or another NCC department.
CES019 - Reducing the learning and development budget , to reflect the increase in apprenticeships, e-learning and other on-the-job training.	2	<p>£21.2 million is spent on community information and learning. I would like to see a full set of accounts to see where all this money is spent.</p> <p>More training is required to improve service delivery, not less, using Apprenticeships as cheap workers is not the answer, these people need to be supported and managed to effectively be trained in house which has a resource cost. I would add more funding to this to support those people who have to support apprentices with additional training in mentoring and how the apprenticeships should work.</p>
CES020 - Income generation across various Community and Environmental Services budgets.	1	Income generation increases of £209k in a single year...impressive. but nothing in the next 3 years?

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12. Public Health

57 people commented on our budget approach in Public Health. The key themes to emerge included:

- **The need to work closer / differently with the NHS (4)** The current 10 year plan from the NHS highlights living healthy to avoid illness in later life. Are the proposals for public health aligned with this plan?
- **General support for our proposals (3)** The proposals here involve very small savings and appear to be based upon changes in demand for or efficiencies being realised in the provision of preventative services, the detail of which is supported **but with provisos (1)**
- **Ideas for how we could make savings / improvements in this area (3)** Why not base public health at the libraries. Or at museums and you have spaces. Rent out your buildings to agencies like Age UK charities to provide integrated hub services with other agencies.
- **Public health should be the responsibility of the individual (3)** All health adjustments should be that families should be taught how to protect and look after themselves rather than expect others to do it and more should be done to enhance the well-being of all.

We also received feedback on the following individual proposals:

Proposal	Number of times mentioned	Themes / quotes
PHE001 - Reviewing staffing and vacancies in public health to reduce budget in line with predicted spend.	2	Why has it taken so long to realise this needs to be looked into? Public health is an essential part of the STP system and any proposed cuts should be considered in that context. In particular PHE001 should be considered in the needs of the whole system and PHE003 in the context of system targets rather than predicted spend.
PHE002 - Adjusting the budget for our Healthy Lifestyles and Stop Smoking services in line with predicted take-up of services.	2	Why has it taken so long to realise this needs to be looked into? better education and management in schools would help

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Proposal	Number of times mentioned	Themes / quotes
PHE003 - Review the sexual health services we commission and work better with providers to make services more efficient and reduce budget in line with predicted spend.	5	<p>Why has it taken so long to realise this needs to be looked into?</p> <p>There is already a paucity of provision in this area with only Oak Street/?CASH clinic providing sexual health services in Norwich. Please don't cut it back.</p> <p>Public health is an essential part of the STP system and any proposed cuts should be considered in that context. In particular PHE001 should be considered in the needs of the whole system and PHE003 in the context of system targets rather than predicted spend.</p> <p>Support to sexual health services and education around contraception is important.</p> <p>The current sexual health services are not working. When this service was run by NCC it was much better.</p>
PHE004 - Use of reserves.	0	

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13. Other services

58 people commented on our budget approach in other services. The key themes to emerge included:

- **General support for our proposals (7)** These proposals are well thought out and just need to be implemented well by NCC but with provisos (1)
- **Calls to cut the number of staff and / or their pay (5)** Reduce the salaries of the top 25% of council employees. Cut the number of managers.
- **Reduce members' expenses (5)** The increases in Councillors' allowances at the same time as continued cuts to vital services is not justifiable and is insulting to the people of Norfolk. Councillors from the ruling party should be ashamed of taking these funds away from front line services
- **Ideas for how we could make savings / improvements in this area (5)** You should make staff multi skilled, so they can move across departments, when one area is less busy they can help out in another. Staff need to be efficient, many councils staff are complacent, Each department needs set targets each week.

We also received feedback on the following individual proposals:

Proposal	Number of times mentioned	Themes / quotes
SGD001 - Reviewing staffing and vacancies across Strategy and Governance to make savings by continuing to hold vacancies and seeking more opportunities to bring in project funding for staff, particularly in Strategic Services and Intelligence and Analytics.	3	<p>Stop out sourcing to companies like Capita who are NOT county based and therefore don't understand the needs of the county.</p> <p>Holding vacancies often a false economy. If the job needs doing, the post needs filling. If it doesn't need doing, you don't need the post. The only argument for a post being held vacant is if the work to be covered is time restricted - but if the delivery is not needed at that particular time, then the post is not needed then and is not really 'vacant'. Holding posts vacant almost always leads to inefficiency - notably no effective hand-over from one post holder to another and added stress for others in the team leading to inefficient delivery in itself and to extra time being taken off for illness etc. Also massive adverse impacts on morale - felt most by those most committed to the</p>

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Proposal	Number of times mentioned	Themes / quotes
		<p>work they do. Delaying filling posts is almost always evidence of poor management from above...</p> <p>Reviewing staff in Local Authorities normally means the staff at ground roots level rather than the Management who are naturally inclined to look after their own roles. Do it the other way round this time.</p>
SGD002 - Reducing our spending on supplies and services by 5%.	0	
SGD003 - Reducing our spending on ICT.	4	<p>NCC need to move away from ICT Shared Services and instead go out to market for more competitive pricing.</p> <p>it would be good to see a more detailed proposal around this as a lot of time and money has been put into ICT over the past few years with lots of issues coming out of poor contractual choices.</p> <p>Is it possible that by reducing spending on ICT you expose your computer systems to external vulnerabilities which are then costlier to recover</p>
FCS001 - Making a one-off saving from our organisational change and redundancy budgets.	1	Again a one of saving for year 2020/21 but with a cost the same as the saving in year 2021/22 and then nothing for the two years after that.
FCS002 - Recognising additional income forecast from our business rates pilot.	1	Again a one of saving for year 2020/21 but with a cost the same as the saving in year 2021/22 and then nothing for the two years after that.

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14. Other information

Other information relevant to the consultation

Organisations responding expressed the following views not captured elsewhere in this summary:

Organisations expressed appreciation of the financial uncertainties that the Council was working under and expressed their desire to work in partnership together and develop creative approaches to supporting our communities. There were calls to lobby central Government for fairer funding for Norfolk which recognises its rurality, urban deprivation and the large and growing ageing population. Our general focus on prevention was welcomed and the Council was invited to join in with the District Council Network's call for a 3% prevention precept for district councils.

Some organisations called for more information about proposals, in particular, a request for the modelling of demand that may be transferred onto other parts of the system. The need for robust equality impact assessments that considered rurality and those on low incomes was emphasised.

Voluntary and Community sector organisations expressed concerns relating to the cost pressures on public sector contracts resulting in organisations no longer being financially viable. There were also concerns raised that the Council was bringing more services in-house which took investment out of the voluntary and community sector.

Overall there were five specific requests from the voluntary and community sector:

- To embed the Social Value Act criteria in all commissioning evaluation processes – carrying at least a 20% weight
- A set of evaluation tools to be identified, developed, published and recognised by both sectors, and used across organisations consistently to provide comparable results, which are then made available
- A forward plan to be maintained, highlighting key planning, service commissioning/development and strategic engagement opportunities
- Any provider may request an open book review if they believe they are subsidising a contract
- Any budget proposal that affects an external organisation is subject to an impact assessment done in consultation with that organisation.

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EQIA –

- **We received one comment relating to the impact of our proposals on carers, who are predominantly women:** Helping people stay at home is good up to a point but very much relies on unpaid or poorly paid carers, primarily women. Please make sure that all your policies/budgets changes are reviewed for their impact on women
- **We received one comment relating to rural impacts:** We are penalised for living in the country with no services.
- **We received comments relating to our approach to EqIA:** As with previous budget consultations we would emphasise the need for a robust equality impact assessment process that is acted upon. This process must continue beyond the high level proposal stage and evaluate the knock-on impact of budget decisions on services, communities and people. Whilst not legally protected characteristics we would request that all impact assessment processes also consider rurality and of those on low incomes.

Legal challenge - There were no comments concerning potential or proposed legal challenges to any of the proposals.

Consultation – We received 15 comments relating to the consultation which included:

- **Comments about lack of detail in general:** We would like to emphasise that for various proposals a lack of detail, particularly on how and where savings will be made, has made it difficult to fully comment on the potential impacts and outcomes of NCC's outlined budget savings.
- **Concerns a decision had already been made:** But I know you are going to do it anyway, so why bother asking us?
- **Requests for specific detail:** As with the other budget proposals, it is difficult to see if the cuts/savings are realistic as you only report the reduction not the size of the budget line at the start.
- **Issues with understanding:** I do not understand how the Adult Social Care precept would increase from £96.05 to £123.21 between years in the example given if it is only supposed to be a 2% increase.
- **Welcoming the opportunity to have a say on the budget:** Thank you for giving us the opportunity to help shape your budget for the year 2020-21.
- **Comments relating to transparency:** I have no idea what any of this means. I suspect that is your intent.

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Appendix 5: Revenue Budget 2020-21 – Findings of Public Consultation

Responses by gender (158 individuals)

Gender		
Male	69	43.7%
Female	73	46.2%
Prefer to self-describe	2	1.3%
Prefer not to say	13	8.2%
Not answered	1	0.6%
Total	158	100%

Responses by age (158 individuals)

Age		
Under 18	0	0.0%
18-24	7	4.4%
25-34	8	5.1%
35-44	15	9.5%
45-54	31	19.6%
55-64	37	23.4%
65-74	41	25.9%
75-84	7	4.4%
85 or older	0	0.0%
Prefer not to say	8	6.3%
Not answered	2	1.3%
Total	158	99.9%

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Appendix 5: Revenue Budget 2020-21 – Findings of Public Consultation

Responses by long-term illness, disability or limiting health problem (individuals)

Long-term illness, disability or limiting health problem		
Yes	21	13.3%
No	115	72.8%
Prefer not to say	18	11.4%
Not answered	5	2.5%
Total	158	100%

Responses by ethnic group (individuals)

Ethnic group		
White British	135	85.4%
White Irish	0	0%
White other	2	1.3%
Mixed / multiple ethnic group	1	0.6%
Asian or Asian British	0	0%
Black / African / Caribbean / Black British	0	0%
Other ethnic group	1	0.6%
Prefer not to say	13	9.5%
Not answered	3	2.5%
Total	158	99.9%

December 2019



Norfolk County Council

Proposed budget for 2020/2021

Overall summary Equality and rural impact assessment report

For further information about this report please contact Jo Richardson, Equality & Diversity Manager:

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Appendix 6: Revenue Budget 2020-21 – Equality and Rural Impact Assessment

Introduction

1. This report summarises the findings of equality and rural impact assessments of Norfolk County Council's proposed budget for 2020-21.
2. Equality and rural assessments enable elected members to consider the potential impact of decisions on different people and communities prior to decisions being taken. Mitigations can be developed if detrimental impact is identified.
3. Details of the assessment process are set out in [Annex 1](#).

The legal context

4. Public authorities have a duty under the Equality Act 2010 to consider the implications of proposals on people with protected characteristics. The Act states that public bodies must pay due regard to the need to:
 - Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act¹;
 - Advance equality of opportunity between people who share a protected characteristic² and people who do not share it³;
 - Foster good relations between people who share a protected characteristic and people who do not share it⁴.
5. The full Act is available [here](#).

Summary of findings for 2020-21

6. There is no evidence to indicate that the proposed budget for 2020-21 would have a detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service or workforce standards or benefits, quality or delivery.
7. Any organisational changes will be developed and implemented in line with NCC policies and guidance which ensure that people with protected characteristics will not be disproportionately affected compared to others. In addition, following approval of the proposed budget for 2020/21, work will take place to develop detailed implementation plans for each budget allocation element.
8. As a result of this it is possible that it may be necessary to carry out additional equality impact assessments and obtain further Cabinet approval. A mitigating action is therefore recommended to address this.
9. However, it should be noted that some budget proposals agreed by Full Council last year, such as the second phase of changes to the Adult Social Care charging policy, are due to be implemented in 2020-21. This is important to note, as the [equality and rural impact assessments](#) completed on these proposals at the time identified a potential for detrimental impact, particularly on disabled people. The Council does not wish to underplay the significance of any of the difficult decisions it has had to make in order to balance the Council's budget and protect as many essential services as possible.

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10. The Council is proposing to increase council tax by 3.99% in 2020-21 (1.99% for general council tax and 2.00% for the Adult Social Care precept). This will impact on all residents eligible to pay council tax.
11. The nature of this impact will depend on individual circumstances and is considered in detail below. On balance, the greatest factor to take into account is that an increase in council tax will benefit Norfolk's most vulnerable people and their families and carers. This is because it will enable the Council to continue to protect essential services which directly benefit and support older and disabled adults and children and families to remain independent and at home for as long as possible.

Contextual issues to take into account

12. When considering the impact of its budget proposals, the Council is required to take into account other factors which may be impacting on residents – which could include population changes and trends; rurality; deprivation and poverty; the economy; health and wellbeing and crime and disorder.
13. A detailed analysis of these and many other factors has been set out in [Norfolk's Story - 2019](#), and should be considered alongside this assessment.
14. A further factor to take into account is the rising cost of living and changes to welfare reform, and past changes to services such as a need for service users to start paying for some services or towards the cost of their care.

The importance of continuing to incorporate accessibility for disabled people into technological solutions

15. A key theme, as set out in [Together, for Norfolk](#), is to work better and more efficiently, to maximise technological solutions, making services simpler to access and keeping people independent for longer.
16. In view of this, work to incorporate accessibility for disabled service users and staff into digital design remains an important priority for 2020-21. This is because badly designed and implemented web technology can make it difficult or impossible for disabled people using assistive technologies like text-to-speech readers or magnification software to access web information and self-service.
17. The Council is already a top performer in this area (in 2017, for the first time, it passed an independent stringent two-stage test by [Socitm](#), scoring 2 out of 3. Nationwide, 4 out of 10 local councils' homepages failed basic tests for accessibility). However, there is still much to be done, and the Council is not complacent about the barriers that many disabled people face when using technology. A detailed analysis of this is included in [Annex 2](#).

Conclusion

18. It is important to note that the assessments only consider the impact of the Council's budget proposals for this year. For obvious reasons, they do not detail the various positive impacts of the Council's day-to-day services on people with protected characteristics and in rural areas - such as the proposed programme of capital investment set out elsewhere on the agenda; promoting independence for disabled and older people; supporting children and families to achieve the best possible outcomes; keeping vulnerable adults and children safe, and lobbying nationally on the big issues for residents and businesses – such as transport and better broadband for Norfolk.

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19. The task for the Cabinet is to consider the various impacts set out in this report, alongside the many other factors to be taken into account (covered elsewhere on the agenda) to achieve a balanced budget that focuses the Council's resources of £1.4bn where they are most needed.

Analysis of the proposed budget for 2020-21

20. Equality and rural impact assessments have been carried out on all 53 proposals within the budget for 2020-21, and the proposal to increase council tax and the Adult Social Care precept.
- Business Transformation / Smarter Working
 - Adult Social Services
 - Children's Services
 - Community and Environmental Services
 - Strategy and Governance Department
 - Finance and Commercial Services
21. Each proposal been assessed to identify whether there is a potential for disproportionate or detrimental impact on people with protected characteristics or in rural areas. The findings are detailed below.

Business Transformation budget proposals 2020-21

	Title of proposal	Potential impact
1.	Continuing our smarter working programme , which achieves efficiencies by changing the way we work (reference BTP001)	<p>This proposal will impact positively on service users, as it will enable the Council to maintain or exceed existing levels of service provision at no additional cost to the Council.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because:</p> <ul style="list-style-type: none">• No changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.• Accessibility will be integrated into the design of smarter working technologies, to ensure that disabled people and people in rural areas are not inadvertently disadvantaged. If someone, due to a disability or rural location is for some reason unable to utilise a smarter working function, a reasonable adjustment will be agreed, and alternative provision will be available.

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	Title of proposal	Potential impact
		<ul style="list-style-type: none"> People who find it challenging to travel, which includes some disabled people, carers and parents or people in rural areas, may find smarter working technology increases accessibility and reduces the need to travel to council offices.
2.	Rationalising and making the most of our own properties to reduce external venue hire costs (reference BTP002)	<p>This proposal may help promote inclusive design for disabled people, as rationalisation provides opportunities to incorporate greater levels of accessibility into properties. In addition, the accessibility of Council properties compares well to other sectors.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p>
3.	Increasing council tax and business rates income by preventing and detecting fraud (reference BTP003.1)	<p>This proposal will impact positively on service users, as a reduction in fraud/increase in people paying what they owe means that there is more money available to fund essential services.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p>
4.	Digitising print, post, scan and record storage leading to a reduction in direct costs (reference BTP003.2)	<p>This proposal will impact positively on service users, as it will enable the Council to maintain existing levels of service provision at no additional cost to the Council.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p>

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	Title of proposal	Potential impact
		Accessibility will be built into increased digitisation, to ensure that it can be fully accessed by disabled staff.
5.	Making the most of technology to make every day business transactions more efficient (reference BTP003.3)	<p>This proposal will impact positively on service users, as it will enable the Council to maintain or exceed existing levels of service provision at no additional cost to the Council.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because:</p> <ul style="list-style-type: none"> • No changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery. • There is the potential to enhance access and inclusion for disabled people, as the proposal presents an opportunity to better integrate accessibility into current business systems and processes • Accessibility will be integrated into new technologies, to ensure that disabled people and people in rural areas are not inadvertently disadvantaged. If someone, due to a disability or rural location is for some reason unable to utilise a technology, a reasonable adjustment would be agreed, and alternative provision will be available.
6.	Receiving discounts from suppliers by offering them early payments (reference BTP004)	<p>This proposal will impact positively on service users, as it will enable the Council to maintain existing levels of service provision at no additional cost to the Council.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p>
7.	Reviewing all of Norfolk County Council's traded services to make sure they are run on a fair commercial basis (reference BTP005)	There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural

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	Title of proposal	Potential impact
		areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.

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Appendix 6: Revenue Budget 2020-21 – Equality and Rural Impact Assessment Adult social care budget proposals 2020-21

	Title of proposal	Impact
1.	Expanding home based reablement , which saves money in the long term by preventing unnecessary hospital admissions and supporting more people to swiftly return home from hospital (reference ASS001)	<p>This proposal will promote independence and dignity for disabled and older people, by minimising hospital stays and enabling them to stay at home for longer. Disabled and older people report that these are critical factors in their well-being.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p> <p>It is conceivable that there may be an indirect impact on carers, many of whom are women. However, promoting independence strategy is based upon the principle of independence for disabled people, which includes enabling disabled people to remain at home for as long as possible.</p>
2.	Expanding accommodation based reablement , which saves money by enabling people with higher needs to quickly return to their home from hospital without needing residential care (reference ASS002)	<p>This proposal will promote independence and dignity for disabled and older people, by minimising hospital stays and enabling them to stay at home for longer. Disabled and older people report that these are critical factors in their well-being.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p> <p>It is conceivable that there may be an indirect impact on carers, many of whom are women. However, promoting independence strategy is based upon the principle of independence for disabled people, which includes enabling disabled people to remain at home for as long as possible.</p>
3.	Extending home based support for people with higher level needs or dementia so that they can remain in their home especially after an illness or hospital stay, which saves money on residential care (reference ASS003)	<p>This proposal will promote independence and dignity for people with dementia, by minimising hospital stays and enabling them to stay at home for longer. People with dementia and their carers report that these are critical factors in their well-being.</p>

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	Title of proposal	Impact
		<p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p> <p>It is conceivable that there may be an indirect impact on carers, many of whom are women. However, promoting independence strategy is based upon the principle of independence for disabled people, which includes enabling disabled people to remain at home for as long as possible.</p>
4.	Working better across health and social care teams to help prevent falls , which in turn helps prevent hospital admissions and saves money on residential care (reference ASS004)	<p>This proposal will promote safety, independence and dignity for disabled and older people, by minimising falls and hospital admissions.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p> <p>A reduction in falls will have a positive impact on carers, many of which are women.</p>
5.	Supporting disabled people to access grants that are available for access to education and support to attend university (reference ASS005)	<p>This proposal will promote equality and independence for disabled people, by supporting them to access education and support to attend university.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p>
6.	Increasing opportunities for personalisation and direct payments , which will help both increase choice of services and value for money, through more efficient commissioning (reference ASS006)	<p>This proposal will promote independence and choice for disabled and older people. Disabled and older people report that independence is a critical factor in their well-being.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery. People who need</p>

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	Title of proposal	Impact
		help with their direct payments will continue to receive it.
7.	Reviewing how we commission residential care services to save money by making sure we have the right services in the right place (reference ASS007)	<p>This proposal will promote independence, dignity and safety for disabled and older people, because it will provide an opportunity to ensure that local services reflect local needs.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p>
8.	Developing consistent contracts and prices for nursing care by working more closely with health services (reference ASS008)	There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.
9.	Debt management (one-off) – reclaiming money owed by other organisations (reference ASS009)	There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.
10.	Reducing the money we spend on supporting providers to develop a market of affordable, quality, social care (reference ASS010)	There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.
11.	Reviewing staffing levels in back office and support services (reference ASS011)	<p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas.</p> <p>This is because vacancy management will not lead to changes to service standards, quality or delivery. Any organisational changes will be developed and implemented in line with NCC policies and guidance which ensure that staff with protected characteristics will not be disproportionately affected compared to other staff. If any posts are deleted this will not lead to changes to service standards, quality or delivery.</p>
12.	Funding of the Norfolk Swift Response Service by Health (reference ASS012)	This proposal will promote independence and dignity for disabled and older people, by enabling them to stay safely at home for longer,

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	Title of proposal	Impact
		<p>with the right support in place. Disabled and older people report that these are critical factors in their well-being.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p> <p>It is conceivable that there may be an indirect impact on carers, many of whom are women. However, promoting independence strategy is based upon the principle of independence for disabled people, which includes enabling disabled people to remain at home for as long as possible.</p>

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Appendix 6: Revenue Budget 2020-21 – Equality and Rural Impact Assessment Children's Services budget proposals 2020-21

	Title of proposal	Impact
1.	Prevention, early intervention and effective social care – investing in an enhanced operating model which supports families to stay together and ensures fewer children need to come into care (reference CHS001)	<p>This proposal will promote better outcomes for children and their families and carers, as it seeks to support families to stay together. It represents an additional investment in strengthening services and support for children and families. The Council will be able to offer families more direct help, a more consistent relationship with a key worker and access to more specialist and intensive services to help meet their needs and ultimately to reduce risks and help children and families stay together wherever possible.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on children, their families or carers. This is because:</p> <ul style="list-style-type: none"> • The proposal may lead to some changes in how services are delivered, but these are not anticipated to have any significant impact on service users. This means that service users, including service users from rural areas, will not experience any changes in the quality or standards of the services they currently receive or be disadvantaged. They will continue to receive support relative to their needs. No changes are proposed to the assessment process or eligibility of needs. • The proposal will not lead to new or increased costs for service users. • The principles guiding design and delivery of the proposal will be child and family centred, which prioritises the independence, dignity and safety of children and families, and draws directly on the voices of children and their families to guide service design. • Opportunities for building greater levels of accessibility for disabled children and families into the design of services will be considered as part of the commissioning process.
2.	Alternatives to care – investing in a range of new services which offer alternatives to care using enhanced therapeutic and care alternatives, combined with a focus on support networks from extended families keeping families safely together where possible and averting family crises (reference CHS002)	<p>This proposal will promote better outcomes for children and their families and carers, as it aims to support families to stay together and avert family crises.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on children, their families or carers. This is because:</p>

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	Title of proposal	Impact
		<ul style="list-style-type: none"> • Service users, including service users from rural areas, will not experience any changes in the quality or standards of the services they currently receive or be disadvantaged. They will continue to receive support relative to their needs. No changes are proposed to the assessment process or eligibility of needs. • The proposal will not lead to new or increased costs for service users. • The principles guiding design and delivery of the proposal will be child and family centred, which prioritises the independence, dignity and safety of children and families, and draws directly on the voices of children and their families to guide service design. • Opportunities for building greater levels of accessibility for disabled children and families into the design of services will be considered as part of the commissioning process.
3.	Transforming the care market and creating the capacity that we need – creating and commissioning new care models for children in care – achieving better outcomes and lower costs (reference CHS003)	<p>This proposal will promote better outcomes for children and their families and carers, as it aims to create additional capacity for children's services.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because:</p> <ul style="list-style-type: none"> • The proposal may lead to some changes in how services are delivered, but these are not anticipated to have any detrimental impact on service users. Service users, including service users from rural areas, will not experience any changes in the quality or standards of the services they currently receive or be disadvantaged. They will continue to receive support relative to their needs. No changes are proposed to the assessment process or eligibility of needs. • The proposal will not lead to new or increased costs for service users. • The principles guiding design and delivery of the proposal will be child and family centred, which prioritises the independence, dignity and safety of children and families, and draws directly on the voices of children and their families to guide service design.

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	Title of proposal	Impact
		<ul style="list-style-type: none"> • Opportunities for building greater levels of accessibility for disabled children and families into the design of services will be considered as part of the commissioning process.
4.	Merging existing children looked after transformation savings (CHL049) into new proposals (CHL001-3) , which will replace and augment the existing deliverable plans (reference CHS004)	There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.
5.	Reverse elements of CHL047 – cost efficiencies delivered by strategic partnership and joint commissioning with Mental Health services (reference CHS005)	<p>This proposal will mean that the Council will no longer take additional efficiency savings from mental health budgets as there is wider transformation ongoing.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p>

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Appendix 6: Revenue Budget 2020-21 – Equality and Rural Impact Assessment Community and Environmental Services budget proposals 2020-21

	Title of proposal	Impact
1.	Additional efficiencies in staffing and operations to progress the Adult Learning service towards its goal of being cost neutral (reference CES001)	<p>This proposal will impact positively on adult learners in Norfolk, as it will enable the adult learning service to maintain current high-quality service provision at no extra cost to the Council.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas.</p> <p>This is because the identification of efficiencies will not lead to changes to service standards, quality or delivery. If any posts are deleted this will not lead to changes to service standards, quality or delivery. Any organisational changes will be developed and implemented in line with NCC policies and guidance which ensure that staff with protected characteristics will not be disproportionately affected compared to other staff.</p>
2.	Achieving economies of scale in our Customer Service Centre by expanding the services that we deliver (reference CES002)	<p>This proposal will impact positively on service users, as it will enable the Customer Service Centre to maintain current high-quality service provision at no additional cost to the Council.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p>
3.	Reviewing processes and operating models to drive further efficiencies within Customer Services (reference CES003)	<p>This review will impact positively on service users, as it will enable the Customer Service Centre to maintain current high-quality service provision at no additional cost to the Council.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p>

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	Title of proposal	Impact
		If any posts are deleted this will not lead to changes to service standards, quality or delivery. Any organisational changes will be developed and implemented in line with NCC policies and guidance which ensure that staff with protected characteristics will not be disproportionately affected compared to other staff.
4.	Reducing the costs of our recycling centre contracts (reference CES004)	<p>This review will impact positively on service users, as it will enable the Council to maintain high quality recycling service provision at no additional cost to the Council.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p>
5.	Adjusting our budget for recycling centres in line with predicted waste volumes (reference CES005)	<p>This review will impact positively on service users, as it will enable the Council to maintain high quality recycling service provision at no additional cost to the Council.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p>
6.	Saving money by renegotiating our highways contracts (reference CES006)	<p>This review will impact positively on service users, as it will enable the Council to maintain highways maintenance at no additional cost to the Council.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p>
7.	Saving money by purchasing fire service equipment, rather than leasing it (reference CES007)	This review will impact positively on service users, as it will enable the Council to maintain high quality Fire and Rescue Services at no additional cost to the Council.

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	Title of proposal	Impact
		There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.
8.	Reviewing posts in our Culture and Heritage service to ensure that we have the right number of staff with the right mix of skills (reference CES008)	There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because the review will not lead to changes to service standards, quality or delivery. If any posts are deleted this will not lead to changes to service standards, quality or delivery. Any organisational changes will be developed and implemented in line with NCC policies and guidance which ensure staff with protected characteristics will not be disproportionately affected compared to other staff.
9.	Saving money in our post room by reducing staff and the costs of our contracts (reference CES009)	There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because the review will not lead to changes to service standards, quality or delivery. If any posts are deleted this will not lead to changes to service standards, quality or delivery. Staff with protected characteristics will not be disproportionately affected compared to other staff.
10.	Reviewing staffing and vacancies in Trading Standards to ensure that we have the right number of staff with the right mix of skills (reference CES010)	There is no evidence to indicate that this review would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because the review will not lead to changes to service standards, quality or delivery. Any organisational changes will be developed and implemented in line with NCC policies and guidance which ensure staff with protected characteristics will not be disproportionately affected compared to other staff.
11.	Reviewing vacancies in Waste Services to ensure that we have the right number of	There is no evidence to indicate that this review would have a disproportionate or

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	Title of proposal	Impact
	staff with the right mix of skills (reference CES011)	<p>detrimental impact on people with protected characteristics or in rural areas.</p> <p>This is because if any posts are deleted this will not lead to changes to eligibility, service standards or quality. It may lead to some changes to the way in which services are delivered but this will not impact on the public services currently received by residents or businesses. Any organisational changes will be developed and implemented in line with NCC policies and guidance which ensure staff with protected characteristics will not be disproportionately affected compared to other staff.</p>
12.	Saving money by maintaining recycling credit payments to voluntary and community groups at 2019-20 levels (reference CES012)	<p>There is no evidence to indicate that this proposal would have a detrimental or disproportionate impact on people with protected characteristics or in rural areas.</p> <p>This is because current levels of funding to the 400 voluntary and community groups (which includes Parish Councils, church groups, school groups, sports clubs, village halls, and charities) in receipt of this benefit will continue. Groups will continue to be able to access the funding. No changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p> <p>During the consultation process, no group stated that the proposal would require them to have to stop or cease their work.</p> <p>If the proposal goes ahead, the Council will monitor the impact so that if any adverse issue arises, this can be addressed appropriately.</p>
13.	Saving money on treating street sweeping arisings by re-procuring our contract (reference CES013)	<p>This review will impact positively on service users, as it will enable the Council to maintain high quality street sweeping provision at no additional cost to the Council.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p>

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	Title of proposal	Impact
14.	Adjusting budget for recycling credits in line with predicted recycling volumes (reference CES014)	<p>This proposal will impact positively on service users, as it will enable the Council to maintain high quality service provision at no additional cost to the Council.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p>
15.	Saving money by maintaining recycling credit rates to district councils for some materials at 2019-20 levels (reference CES015)	<p>There is no evidence to indicate that this proposal would have a detrimental or disproportionate impact on people with protected characteristics or in rural areas.</p> <p>This is because it is expected that district councils will continue to provide garden waste collection services.</p> <p>If district councils decide to make changes to how they manage recycling services, they will be responsible for conducting equality impact assessments of any changes that could impact on the public or staff.</p>
16.	Matching the contribution made by districts to the Waste Partnership communications budget (reference CES016)	<p>This review will impact positively on service users, as it will enable the Council to maintain high quality service provision at no additional cost to the Council.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p> <p>There continue to be a number of routes available for communicating waste partnership messages, including through the increased use of social media, which is a more immediate and cost effective route.</p>
17.	Saving money and increasing income by reviewing Culture and Heritage service room hire arrangements to make more cost-effective use of space (reference CES018)	<p>This review will impact positively on service users, as it will enable the Council to maintain high quality Culture and Heritage Services at no additional cost to the Council.</p>

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	Title of proposal	Impact
		<p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p> <p>There will be a need to relocate some existing staff teams to new office locations. Any organisational changes will be developed and implemented in line with NCC policies and guidance which ensure that staff with protected characteristics will not be disproportionately affected compared to other staff.</p>
18.	Reducing the learning and development budget to reflect the increase in apprenticeships, e-learning and other on-the-job training (reference CES019)	<p>This proposal will impact positively on service users, as it will enable the Council to maintain existing levels of service provision at no additional cost to the Council.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p>
19.	Income generation across various Community and Environmental Services budgets (reference CES020)	<p>This review will impact positively on service users, as it will enable the Council to maintain high quality services at no additional cost to the Council.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p>
20.	Highways works - capitalisation of activities to release a revenue saving	<p>This proposal will impact positively on service users, as it will enable the Council to maintain highways maintenance at no additional cost to the Council.</p> <p>There is no evidence to indicate that this proposal would have a detrimental or disproportionate impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of</p>

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	Title of proposal	Impact
		needs, service standards, quality or delivery.

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Appendix 6: Revenue Budget 2020-21 – Equality and Rural Impact Assessment Strategy and Governance budget proposals 2020-21

	Title of proposal	Impact
1.	Reviewing staffing and vacancies across Strategy and Governance to make savings by continuing to hold vacancies and seeking more opportunities to bring in project funding for staff, particularly in Strategic Services and Intelligence and Analytics (reference SGD001)	<p>This review will impact positively on service users, as it will enable the Council to maintain existing high-quality strategy and governance services at no additional cost to the Council.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas.</p> <p>This is because the review will not lead to changes to service standards, quality or delivery. If any posts are deleted this will not lead to changes to service standards, quality or delivery. Any organisational changes will be developed and implemented in line with NCC policies and guidance which ensure that staff with protected characteristics will not be disproportionately affected compared to other staff.</p>
2.	Reducing our spending on supplies and services by 5% (reference SGD002)	<p>This proposal will impact positively on service users, as it will enable the Council to maintain current levels of service provision at no additional cost to the Council.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p>
3.	Reducing our spending on ICT (reference SGD003)	<p>This proposal will impact positively on service users, as it will enable the Council to maintain existing levels of quality ICT provision at no additional cost to the Council.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because the budget reduction will not lead to a reduction in the level of accessible ICT solutions provided for disabled staff. No changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p>

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Appendix 6: Revenue Budget 2020-21 – Equality and Rural Impact Assessment Finance & Commercial Services budget proposals 2020-2021

	Title of proposal	Potential impact
1.	Making a one-off saving from our organisational change and redundancy budgets (reference FCS001)	<p>This proposal will impact positively on service users, as it will enable the Council to maintain existing service provision at no additional cost to the Council.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service or employment standards, redundancy benefits, quality or delivery.</p>
2.	Recognising additional income forecast from our business rates pilot (reference FCS002)	<p>This proposal will impact positively on service users, as it will enable the Council to maintain high quality service provision at no additional cost to the Council.</p> <p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service standards, quality or delivery.</p>

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Appendix 6: Revenue Budget 2020-21 – Equality and Rural Impact Assessment Public Health budget proposals 2020-21

	Title of proposal	Impact
1.	Adjusting the budget for our Healthy Lifestyles and Stop Smoking services in line with predicted take-up of services (reference PHE002)	<p>There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because:</p> <ul style="list-style-type: none"> • Adjusting the budget will not lead to changes to eligibility for services, or changes in service standards, quality or delivery. • Service users will continue to receive support relative to their needs. • Commissioned services that provide face to face treatment services will not be directly affected by this proposal. • The proposal will not lead to new or increased costs for service users. <p>Generally speaking, it is the most vulnerable groups in society (which includes people with protected characteristics) who are most in need of support to improve healthy lifestyles and stop smoking. This proposal would mean that spend in this area would be limited to the proposed budget for 2020/2021. It could therefore be argued that by limiting the budget for spend in this area, there is an indirect impact on people with protected characteristics. However, the Council will seek to mitigate this by working with staff across a wide range of other services to increase their health improvement knowledge and skills, and by providing more web-based advice to the public.</p>
2.	Review the sexual health services we commission and work better with providers to make services more efficient and reduce budget in line with predicted spend (reference PHE003)	<p>There is no evidence to indicate that this review would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because:</p> <ul style="list-style-type: none"> • The review may lead to some changes in how sexual health services are delivered, but this is because the Council is increasingly able to offer a more tailored approach to individual services users based on clinical need. • Reducing the budget in line with predicted spend will not lead to changes to eligibility for services, or changes in service standards, quality or delivery. • Service users will continue to receive support relative to their needs. • The proposal will not lead to new or increased costs for service users.

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	Title of proposal	Impact
		<ul style="list-style-type: none">Commissioned services that provide face to face treatment services will not be directly affected by this proposal. <p>It should be noted that this proposal would mean that spend on sexual health services would be limited to the proposed budget for 2020/2021. It could therefore be argued that by limiting the budget for spend in this area, there is an indirect impact on the population as a whole. However, the Council has achieved this proposed saving as a result of successful contract negotiations with other agencies which has changed the agreements on who pays for what. This has reduced the amount the Councils pays and ensures that the overall level of support to service users has not reduced.</p>
3.	Use of Public Health reserves	There is no evidence to indicate that this proposal would have a disproportionate or detrimental impact on people with protected characteristics or in rural areas. This is because no changes are proposed to assessment processes, eligibility of needs, service or employment standards, redundancy benefits, quality or delivery.

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Analysis of the proposed increase in council tax and adult social care precept

20. The Council is proposing to increase general council tax by 1.99% in 2020-21, to help offset cost pressures and invest in vital services. It is proposing to raise the adult social care precept by 2% in 2020-21, to help maintain adult social care services.

More about council tax

21. Council tax helps pay for local services and applies to all domestic properties whether owned or rented. How much people pay depends on the valuation band of their property. The responsibility to pay council tax usually lies with the occupier.
22. Each organisation that provides services in the area sets their own proportion of the council tax bill. These are:
- Norfolk County Council
 - The district council
 - The parish council (if there is one)
 - Norfolk Police
23. Most of the money that people pay as part of Norfolk County Council's share of the council tax helps fund the costs of all the services provided by the Council and is not linked to specific services. The maximum amount that Government currently says that the Council can increase this 'general' council tax by without having to hold a local referendum is 2%. It is possible that in the future the Government could allow councils greater freedom to increase this general council tax by more than 2%.

More about the adult social care precept

24. In 2015 the Government gave councils like Norfolk the opportunity to raise council tax to help pay for adult social care services – this is called the adult social care precept. The money raised from the adult social care precept is ringfenced which means that the Council can only spend it on adult social care services.
25. Adult social care services are those that support older people, disabled people and people with mental health problems. These services help people to stay safe in their own homes and continue to be independent.
26. Where this is not possible, adult social care can support people in residential care. In 2019-20 our gross budget for adult social services is £427.598m.
27. The Council has to report to Government and confirm that adult social care precept money is used solely for adult social care services.
28. Initially councils could raise council tax by up to an extra 2% a year for the period 2016-17 to 2019-20. Then, in 2016 the Government announced that for the three years from 2017-18 to 2019-20, councils would be allowed to increase the adult social care precept by up to 3% a year, but no more than 6% in total over that period. Norfolk County Council took the decision to increase the adult social care precept by 3% in 2017-18 and 3% in 2018-19. This meant that in 2019-20 it did not increase the adult social care precept but continued to collect the existing precept and spend this on adult social care.
29. In its spending round on 4 September 2019 the Government announced that councils could increase the adult social care precept by up to 2% in 2020-21.

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Appendix 6: Revenue Budget 2020-21 – Equality and Rural Impact Assessment Concessions for people eligible for support, reductions or exemption

30. Whilst the impact of a council tax increase would affect almost all dwellings, concessions are in place that mean that people who are older, live on their own, or who have a disability may be eligible for council tax support, reductions or exemption.
31. The table at [Annex 3](#) presents the proportion of people subject to some kind of reduction in each district. Demographic factors and variations in council tax reduction schemes will mean that the proportion of people exempt or receiving a reduction in each of Norfolk's districts differs.
32. In addition to these exemptions, district councils are responsible for local arrangements to provide help with council tax. These responsibilities cover what was known prior to 2013 as Council Tax Benefit, and mean that reductions are in place to support vulnerable working age and older people.
33. A range of factors may enable a household to qualify for discounts or exemptions. These include:
- Someone's disability status, entitlement to certain benefits and presence of accessible features in their home;
 - If someone is a carer who, for at least 35 hours a week, is looking after someone in the same household (not including a spouse or child) who is entitled to certain benefits;
 - Households which consist only of students; and
 - Properties which are unoccupied for various reasons including residence in care provision.
34. These reliefs can help to alleviate council tax liabilities for certain households.
35. Whilst the local arrangements are at the discretion of each district, and so cannot be collated simply, the number of equivalent dwellings receiving this kind of support for working age people in Norfolk last year was 23,086, and for older people was 21,150.
36. District councils also have powers to reduce the amount of council tax payable for certain classes of dwelling including empty properties and properties undergoing major structural work, with legislation prescribing the level of discount the district council can offer. An increase in council tax may therefore have a reduced impact on properties within these categories, depending on the scheme adopted locally. These discounts are time limited except in the case of second homes.
37. A council tax premium may be charged on certain empty properties if they have been vacant for a period of more than two years. An increase in council tax may therefore have a greater impact on these properties.

Potential impact

38. The proposal will affect all residents eligible to pay council tax, including people with protected characteristics and in rural areas.
39. At October 2019 there were 416,306 council tax 'chargeable dwellings' in Norfolk. Any County Council increase in council tax would be applied equally and proportionally to each household, meaning that higher-banded properties would pay a higher cash amount.

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40. In considering an increase in council tax, it is important to take other social factors into account, such as the impact of welfare reform. Although there is no major role for local authorities in much of the policy development and delivery of welfare reform, it continues to have a significant impact on Norfolk service users, residents and communities. Some examples include the introduction of Universal Credit and the move from Disability Living Allowance (DLA) to Personal Independence Payment. Disabled people and their carers are particularly likely to be affected, and many have reported increased financial hardship.
41. The impact varies according to the circumstances of each individual, but there are obvious implications for those who are already in receipt of benefits such as DLA or Employment and Support Allowance and have lost their entitlement, and those who may need to move house.
42. Another issue to take into account is the potential impact on people in rural areas. Rural housing may be more expensive than urban properties and may therefore tend to be in higher tax bands. However, people in rural areas would argue that being asset rich does not mean income rich, and in cash terms, rural areas may shoulder a larger percentage of the total council tax return.

Conclusions

43. It is likely that the financial impact of an increase in council tax would be reduced for some vulnerable people and those on low incomes by existing council tax exemption mechanisms. It is important to note, however, that these provisions vary from district to district depending on the council tax support scheme provided, and will depend on people's individual circumstances.
44. Overall, the impact is likely to be greatest for households on a low, fixed income, but which are not eligible for council tax support. This may include disabled people who are in work, and this is important to note, given that disabled people are more likely to be earning less than their non-disabled counterparts, even when they share the same qualifications and other relevant characteristics⁵.
45. On balance, the greatest factor to take into account is that an increase in council tax will primarily benefit Norfolk's most vulnerable families and disabled and older people and their carers. This is because it will enable the Council to continue to protect essential children's and adult social care services for these people, as well as fund other vital services that benefit every person within the county – such as libraries, fire and rescue services, the environment, public health, culture and heritage, trading standards and highways.

Human rights implications

46. Public authorities in the UK are required to act compatibly with the Human Rights Act 1998. There are no human rights issues arising from the proposals.

Mitigating actions

	Action/s	Lead	Date
1.	Note the potential impact of the proposal to increase council tax, set out above.	Cabinet	13 January 2020
2.	Note that digital inclusion continues to be an essential factor in the ability of disabled and older residents to live independently, access services and combat social isolation. Note that work to systematically and routinely incorporate accessibility for disabled service	Head of IMT	1 April 2020

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	users and staff into digital design remains a priority for 2020-21.		
3.	<p>Work to take place to develop detailed implementation plans for each budget allocation element, in accordance with NCC policy and procedure. Where necessary, carry out additional equality impact assessments and obtain further Cabinet approval of any specific aspects of implementation plans if appropriate.</p> <p>If, during implementation of these proposals, it emerges that a proposal may have a detrimental impact on people with protected characteristic or in rural areas that it was not possible to predict at the time of conducting these assessments, report this formally to Cabinet, to enable Cabinet to consider mitigating actions before proceeding further.</p>	All Executive Directors	From 1 April 2020
4.	HR to provide equalities data to departmental management teams via the HR dashboard for monitoring purposes. This will include whether staff with protected characteristics are disproportionately represented in redundancy or redeployment figures. If any disproportionality arises, this is to be reported to Cabinet.	Senior HR Consultant (Workforce Insight))	From 1 April 2020

Evidence used to inform these assessments

- Norfolk budget proposals 2020/2021 – consultation documents and background paper
- [Norfolk's Story 2019](#)
- Equality Act 2010
- Public Sector Equality Duty
- Business intelligence and management data, as quoted in this report.



If you need this document in large print, audio, Braille, alternative format or in a different language please contact Jo Richardson on 0344 800 8020.

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Annex 1 – The assessment process

The assessment process comprises three phases:

- **Phase 1** – evidence is gathered on each proposal, to examine who might be affected and how. This includes reviewing the findings of related assessments and public consultation, contextual information about local populations and other relevant data. Where appropriate, public consultation takes place.
- **Phase 2** – the results are analysed. The assessments are drafted, making sure that any potential impacts are fully assessed. If the evidence indicates that a proposal may have a detrimental impact on people with protected characteristics or in rural communities, mitigating actions are considered.
- **Phase 3** – Cabinet considers the findings of the assessments and mitigating actions at its meeting on 13 January 2020. Cabinet takes any impacts into account before making a decision about which proposals to recommend to Full Council on 17 February 2020, which is when a final decision on the budget proposals will be made.

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Annex 2 – Barriers to accessing web information and the internet in Norfolk by disabled people

Why is accessible web information and internet access important?

Public agencies in Norfolk are looking to make greater use of technology to promote independence in the most cost-effective ways possible. This means that digital inclusion will be an important factor in the ability of disabled people to live independently and access services in Norfolk.

However, many disabled people face unique challenges in getting online and accessing web information.

What are the challenges and barriers for disabled people in Norfolk?

Table 1 below summarises the challenges different groups of disabled people face when accessing the internet or web information in Norfolk.

Table 2 summarises the barriers disabled people and public agencies face in addressing these challenges.

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Table 1: The challenges people with different disabilities face when accessing web information or the internet in Norfolk

User	What this may mean
People with mobility impairments or health conditions that restrict motor ability, cause pain, fatigue, poor concentration or memory	This can make it difficult to use a mouse, keyboard or touchscreen, sit at a computer, remember information or have sufficient energy/comfort levels to work through lots of different windows/forms in succession.
Blind and visually-impaired people	This can make it difficult to see the screen. These users often find that although a website's landing page is accessible with screen reader technology, subsequent pages are not – which is very frustrating.
Deaf and hearing-impaired people	This can make it difficult to hear audio. Also, some deaf and hearing-impaired people have lower literacy levels, so may struggle to understand or navigate web content.
People with learning disabilities	<p>This can make it difficult to understand or navigate web content.</p> <p>Some websites provide 'easy read' alternatives on some pages, but there is often no logic to this, in that only some pages have an easy read alternative and others do not. This is frustrating for people with learning disabilities and undermines their independence.</p>
People who are neurodiverse (a term that describes people with neurological differences such as Autism, Dyslexia, Dyspraxia, Attention Deficit Disorders and Dyscalculia)	<p>This can make it difficult to understand complex web content or use systems which present multiple choices and configurations.</p> <p>It can also make it difficult to concentrate, particularly in busy, noisy or harshly lit surroundings such as public spaces.</p> <p>People with dyslexia may struggle to read black text on white background. Very few websites offer colour tint options.</p> <p>People who have hyperactivity or attention disorders may find it difficult to concentrate or become easily distracted.</p>
People with mental health issues, which may cause poor concentration, memory, understanding or anxiety	<p>This can make it difficult to understand or navigate web content, due to difficulties processing complex information, feelings of being overwhelmed or frustrated, or panic about making errors.</p> <p>It can also make it difficult to use the internet in public spaces, due to anxiety about being around others or in unfamiliar surroundings.</p>

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Table 2: The challenges disabled people and public agencies face in addressing these barriers

Barrier	Explanation
Cost of start-up and contracts	<p>Many disabled people (particularly those with the most severe impairments) are on low incomes – significantly lower than people who are not disabled. Cost is a barrier due to the price of the kit, installation, connection charge and ongoing network fees.</p> <p>Securing broadband involves signing a contract, and credit checks. This can cause challenges for people on low incomes with poor credit history.</p>
Cost of assistive technology	<p>Disabled people can use assistive technologies such as text-to-speech screen readers, dictation systems, voice activated software, screen readers or magnification software to help them use keyboards and touch-screens or see what is being displayed on screen. However, this comes at a significant cost. For example, JAWS is the industry standard assistive software for blind people, but costs £838 and version updates can be over £200. In addition, compatible hardware is needed which can cope with the demands of such software. Things like the processing speed, a larger monitor and a specialist keyboard will all be needed in order to ensure the software can be used effectively. Both hardware and software will have to be periodically upgraded, which represents substantial lifetime costs, unaffordable to many.</p>
Inaccessible public sector web content that is not compatible with assistive technology	<p>Badly designed and implemented web technology can make it difficult or impossible for people using assistive technologies like text-to-speech screen readers or magnification software to access web information and self-service.</p> <p>Currently, 40% of UK local authority websites are not accessible to disabled people, having failed independent testing by the Society of Information Technology Management, which assesses and rates local authority websites.</p> <p>Public sector websites can be inaccessible in several ways:</p> <ul style="list-style-type: none"> • Websites are not consistently coded to incorporate built-in accessibility, relying instead on users having expensive software. • Websites are often incompatible with assistive technologies. For example, websites are built without taking screen readers into consideration, making them impossible for blind people to use. Even the most sophisticated screen reading software cannot help users make sense of what they are using when content is unstructured or elements do not have labels. Easier or cheaper

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Barrier	Explanation
	access to assistive technology is pointless if websites remain incompatible and difficult to use.
The complexity of web information	<ul style="list-style-type: none"> • People who have learning disabilities, are deaf, neurodiverse, have poor memory or concentration or low literacy or language skills find the relative complexity of web information and the need for strong literacy skills a great challenge. • Web pages are text heavy, and content is written in a way that is hard to understand, navigate and use. • Currently, one option that public agencies use to try to address this is to provide an 'easy read' alternative alongside standard web content. However, there is a lack of consistency about how easy read is integrated into web content. Although some web pages provide it as an alternative, many don't. There is often no obvious logic to this, which is confusing and frustrating for users who rely on easy read, and do not have the skills to find it through navigation from the landing page. • One challenge that public agencies face in routinely providing easy read is that the fast-changing nature of web content means they do not feel it is feasible to consistently provide 'easy read' alternatives to all content. • Similarly, despite the technology being available, BSL videos are not consistently used on websites. Short clips giving an overview of a subject can often significantly improve access – but only if they are used on every page. It is an enormous source of frustration to disabled people that while some pages may be accessible, other pages linked to them are not. • These are some of the reasons why many local authorities are struggling to move beyond the Socitm AA web accessibility rating. Consistent use of easy read overlays, audio and video options are criteria for AAA compliance. • Processes (such as form filling) can often take a long time to complete, with 'time out' shut-down or no save functions. This causes difficulties for people who can only use the internet for short periods of time, who find it difficult to remember information or concentrate for periods of time.
Location/travel	The nature of a person's disability, e.g. a severe mobility impairment, the high cost of accessible travel, or a need for assistive technology, means it may

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Appendix 6: Revenue Budget 2020-21 – Equality and Rural Impact Assessment

Barrier	Explanation
	currently be unrealistic to expect them to access the internet at public locations. Other people may also find public spaces difficult because they are not currently set up to support people with a wide range of needs, e.g. public computers may be in busy, noisy, brightly-lit public spaces.
Knowledge and access to advice/help	<p>Some disabled people lack the knowledge to get started - they do not know how to set up their kit, which assistive technologies would best suit them/be most cost effective or how to order or install them.</p> <p>When set up, they may lack the technical knowledge to use built-in accessibility functions on their computer or web browser (e.g. 'ctrl & +' will enlarge text on the screen). Because internet technologies change rapidly, they may struggle to keep up with new interfaces and different devices.</p> <p>Many people are also worried about what to do if things go wrong and they cannot afford an engineer.</p>
Confidence	Many disabled people are concerned that they don't know 'how it works' and have fears and anxieties around 'doing something wrong' or appearing incompetent.
Negative perceptions based on past experience	<p>Some people, such as deaf and hearing-impaired people, have faced barriers to online information for so long, they see the web as something that has nothing to do with them.</p> <p>Many disabled people are discouraged from accessing online services because past experience has shown that although they may be able to access a landing page, they will not be able to get much further.</p> <p>Changing this culture will be difficult unless the challenges summarised in this document are addressed.</p>
Security and risks	<p>Some people are worried that their information is not safe online. They are concerned about malware and phishing, the threat of fraud, identity theft, viruses and many other security issues. If something does go wrong, they may have no one to turn to for help about what to do.</p> <p>Some people have had negative experiences using the internet, through disability hate-related bullying and harassment on social media.</p>

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Appendix 6: Revenue Budget 2020-21 – Equality and Rural Impact Assessment Conclusion

1. Disabled residents say that where they can afford it, their smart phone or home internet connection is a lifeline for enhancing access. Digital innovation is happening daily and there are numerous apps to support people's independence. For example, National Roadwork furniture manufacturers are exploring digital technology to make roadworks easier and more accessible to disabled people.
2. The challenge is making sure that these innovations are:
 - Available and affordable for those who need them
 - Understood by public agencies, so that they can routinely incorporate them into service design.

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Appendix 6: Revenue Budget 2020-21 – Equality and Rural Impact Assessment

Annex 3 – Proposal to increase council tax

Table: The number of dwellings on the council tax valuation list, and percentages of council tax exemptions, by Norfolk district (October 2019)

	Total chargeable dwellings on valuation list	Number dwellings paying full council tax	% Dwellings paying full council tax	% Dwellings subject to some kind of reduction in council tax
Breckland	60,188	41,221	68.49%	31.51%
Broadland	57,781	39,605	68.54%	31.46%
Great Yarmouth	47,429	28,559	60.21%	39.79%
King's Lynn & West Norfolk	71,137	48,008	67.49%	32.51%
North Norfolk	54,189	35,878	66.21%	33.79%
Norwich	64,233	36,222	56.39%	43.61%
South Norfolk	61,349	40,774	66.46%	33.54%
Total Norfolk	416,306	270,267	64.92%	35.08%

¹ Prohibited conduct:

Direct discrimination occurs when someone is treated less favourably than another person because of a protected characteristic they have or are thought to have, or because they associate with someone who has a protected characteristic.

Indirect discrimination occurs when a condition, rule, policy or practice in your organisation that applies to everyone disadvantages people who share a protected characteristic.

Harassment is “unwanted conduct related to a relevant protected characteristic, which has the purpose or effect of violating an individual’s dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that individual”.

Victimisation occurs when an employee is treated badly because they have made or supported a complaint or raised a grievance under the Equality Act; or because they are suspected of doing so. An employee is not protected from victimisation if they have maliciously made or supported an untrue complaint.

² The **protected characteristics** are:

Age – e.g. a person belonging to a particular age or a range of ages (for example 18 to 30 year olds).

Disability – a person has a disability if she or he has a physical or mental impairment which has a substantial and long-term adverse effect on that person's ability to carry out normal day-to-day activities.

Gender reassignment – the process of transitioning from one gender to another.

Marriage and civil partnership

Pregnancy and maternity

Race – refers to a group of people defined by their race, colour, nationality (including citizenship), and ethnic or national origins.

Religion and belief – has the meaning usually given to it but belief includes religious and philosophical beliefs including lack of belief (such as Atheism).

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Appendix 6: Revenue Budget 2020-21 – Equality and Rural Impact Assessment

Sex – a man or a woman.

Sexual orientation – whether a person's sexual attraction is towards their own sex, the opposite sex or to both sexes.

³ The Act specifies that having due regard to the need to advance equality of opportunity might mean:

- Removing or minimizing disadvantages suffered by people who share a relevant protected characteristic that are connected to that characteristic;
- Taking steps to meet the needs of people who share a relevant protected characteristic that are different from the needs of others;
- Encouraging people who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such people is disproportionately low.

⁴ Having due regard to the need to foster good relations between people and communities involves having due regard, in particular, to the need to (a) tackle prejudice, and (b) promote understanding.

⁵ The same is also true for women, and some Black, Asian and minority ethnic (BAME) people – particularly BAME women.

Norfolk County Council

Capital strategy and programme 2020-21

Report by the Executive Director of Finance and Commercial Services

1. Background and introduction

1.1. Introduction

- 1.1.1. This report introduces the proposed overall capital programme for 2020-21 and following years.
- 1.1.2. The proposed programme consists of two elements – schemes included in the current programme and new schemes funded through borrowing, capital receipts when available, or grants and contributions from third parties.
- 1.1.3. The size of the capital programme reflects capital grant settlements that have been announced by central government, forecast capital receipts, other external and internal funding sources and proposed borrowing as set out in this report.
- 1.1.4. The Council pays from future revenue budgets the interest and repayment costs of the borrowing.

1.2. Autumn Budget

- 1.2.1. On the 29 October, parliament voted to enable the General Election which was held on 12 December 2019. The election campaign has resulted in a delay to both the announcement of the Autumn Budget 2019 (previously scheduled for 6 November) and the Provisional Local Government Finance Settlement (originally expected around 5 December in line with the timescales recommended by the Hudson Review).
- 1.2.2. The Provisional Settlement was published 20 December 2019, but made no specific capital funding announcements affecting Norfolk. The details of future year allocations remains unknown and the Council's 2020-21 Budget has been prepared with more limited information about Government funding allocations than would usually be the case.
- 1.2.3. In 2018 the Secretary of State noted concerns about a few authorities though who are undertaking significant amount of borrowing for commercial purposes, exposing themselves and their local taxpayers to financial risks. On 9 October 2019, the PWLB borrowing rate available to local authorities for most purposes apart from certain infrastructure projects was increased by 1% across the board. This will have an impact on the ability of local authorities to service future debt and therefore to invest in capital projects.

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1.3. National Infrastructure Delivery Plan 2016 to 2021

- 1.3.1. A National Infrastructure Delivery Plan was published in March 2016. A key project included the Northern Distributor Road which was completed in 2018. Norfolk residents may also benefit from a new river crossing in Lowestoft, improvements being made to the A14 between Cambridge and Huntingdon.
- 1.3.2. Further to the plan, in February 2018, the Secretary of State for Transport confirmed the Great Yarmouth Third River Crossing as a nationally significant project. Further details of major schemes in Norfolk are given in the Highways Capital Programme 2020/21/22/23 and Transport Asset Management Plan elsewhere on this agenda.

1.4. Local joint working

- 1.4.1. Norfolk County Council works with a number of other authorities and bodies in the development of capital and infrastructure projects and investments.
- 1.4.2. Examples of current joint working include:

Together with other public bodies in Norfolk, the County Council is closely involved in the “**One Public Estate**” programme. Whilst it is not directly leading on any of the current OPE funded projects Norfolk County Council continues to be an active partner, including the Simpson Centre at Kelling Hospital and Breckland Business Centre, and planned active collaboration with a number of Norfolk district councils.

The Council works closely with the **New Anglia LEP**, which has resulted in the LEPs direct financial support for past projects including the NDR and the Norwich International Aviation Academy. Joint working which has resulted in the £98m government support available for the Great Yarmouth Third River Crossing, with a further £2m contribution from the LEP. The LEP has also contributed £0.5m towards the Norwich Castle: Gateway to Medieval England project.

The Council is working with Norwich City Council to explore ways of redeveloping the **Norwich Airport Industrial Estate**.

The **Norfolk Joint Museums Committee** consists of representatives from district councils and the County Council. The Norfolk Museums Service is run by Norfolk County Council with capital schemes managed and reported as part of the Council’s financial monitoring. The Norwich Castle Keep “Gateway to Medieval England” project is a nationally significant scheme which will see the Keep reimaged and reinterpreted.

Norfolk County Council, in partnership with Norwich, Broadland and South Norfolk is one of 12 Cities areas to be shortlisted to be eligible for a share of £1.2bn of **Transforming Cities** funding. The Greater Norwich area has been awarded just over £6.1m in the first tranche of money from the fund. The Council is expecting to access Tranche 2 funding, with announcements expected in March 2020.

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2. The Proposed Capital Programme 2020-21+

2.1. Background

- 2.1.1. The capital programme for 2018-22 was agreed by the County Council in February 2019. This was prepared using information from the Government on known and forecast funding levels available at that time.
- 2.1.2. The capital programme has been updated through the year to include the latest estimates of capital funding available to the Council and schemes added to the programme during the year as approved by Cabinet and County Council. Further information on external funding is included in Section 4.
- 2.1.3. The proposed capital programme is underpinned by a Capital Strategy (Appendix A to this report) and schemes are scored against priorities (Appendix B).
- 2.1.4. The 2020-21+ programme reflects all amounts re-profiled up to and including month 8 (November) and significant changes made in month 9 (December). All re-profiling of schemes between years is reported to Cabinet.
- 2.1.5. The new capital programme reflects known government grant settlements for 2019-20 and beyond. The programme also sets out the necessary borrowing to be approved in order to provide sufficient funding for approved schemes.
- 2.1.6. A schedule of existing schemes included in the on-going capital programme is attached at Appendix C to this Annex, with new schemes listed in Appendix D.
- 2.1.7. Particular attention should be drawn to those schemes which are to be funded from borrowing and capital receipts. The budget proposals provide for the direct use of capital receipts for the repayment of debt. As a result, there will be very limited capital receipts available to support new capital expenditure. An analysis of receipts and their proposed use is included in Section 4.

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2.2. The Existing Programme

The value of existing schemes brought forward into the new programme are shown in the table below. These figures are based on period 8 financial monitoring based on the position as at 30 November 2019. This position will vary through to 1 April 2020 as schemes are accelerated or delayed, with all movements reported to Cabinet.

Table 1: Existing programme, excluding proposed new schemes

Service	2020-21 £m	2021-22 £m	2022-23+ £m		Total £m
Adult Social Care	14.726	4.500	20.000		39.226
Children's Services	82.427	69.593	20.000		172.019
CES Highways	82.280	48.496	31.280		162.056
CES Other	38.782	12.796	0.009		51.587
Finance and Comm. Servs	43.435	27.870	1.235		72.541
Strategy and Governance					-
Total	261.650	163.255	72.524		497.429

2.3. New schemes

Schemes not included in previous capital programmes will result in the following additions to the capital programme subject to approval:

Table 2: Proposed investment in new schemes

Service	2020-21 £m	2021-22 £m	2022-23+ £m		Total
Adult Social Care					-
Children's Services	2.050	2.050	2.050		6.150
CES Highways	4.000	3.750	2.100		9.850
CES Other	2.347	2.080	1.720		6.147
Finance and Comm. Servs	13.000	7.126	3.138		23.264
Strategy and Governance	0.100	0.050	0.350		0.500
Total	21.497	15.056	9.358	-	45.911

2.4. The Total Proposed Capital Programme (existing and new)

The full Capital Programme for 2020-23, combining existing and proposed schemes, is summarised in the following table.

Table 3: Proposed Total Capital Programme

Service	2020-21 £m	2021-22 £m	2022-23+ £m		Total £m
Adult Social Care	14.726	4.500	20.000	-	39.226
Children's Services	84.477	71.643	22.050	-	178.169
CES Highways	86.280	52.246	33.380	-	171.906
CES Other	41.129	14.876	1.729	-	57.734
Finance and Comm. Servs	56.435	34.996	4.373	-	95.805
Strategy and Governance	0.100	0.050	0.350	-	0.500
Total	283.147	178.311	81.882	-	543.340

Note: tables on this page may be subject to small rounding differences

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2.5. The existing programme includes on-going schemes, and new schemes approved in-year:

Major programmes and schemes, for example

- Schools basic need and capital maintenance
- Living Well - Homes for Norfolk: to develop extra care housing in Norfolk
- SEND transformation programme to create 500 extra specialist school places
- Great Yarmouth Third River Crossing
- Norwich Western Link
- Transport capital maintenance
- Better Broadband for Norfolk

Where additional funding for existing capital schemes have been received during the current financial year, they have been added to the programme, with all changes reported to Cabinet. New schemes requiring borrowing have been approved by Cabinet and County Council.

New schemes approved during the 2019-20 financial year (to date) include

- Norfolk Local Full Fibre Network £7.766m
- borrowing to replace school's revenue contributions to capital schemes £2m
- increasing the value of the estate through the release of a restrictive covenant £0.113m
- farms capital maintenance £1.158m
- Trading Standards database replacement £0.038m
- improved infrastructure on former NCC agricultural land £0.750m.

In addition, £3.5m capital previously approved for the purpose of capital loans to subsidiary companies, was re-allocated to purchase share capital in Repton Property Developments.

The full summary of schemes in the existing programme can be found in Appendix C.

In addition, the County Council approved the flexible use of £2m capital receipts to fund the Children's Services Demand Management & Prevention Strategy in 2019-20.

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2.6. New schemes proposed for addition to the capital programmes include:

Capitalisation of works previously funded from revenue budgets:

- Capitalisation of highways capital maintenance works, including footways, drainage and bridges
- Capitalisation of IT development costs, property staff and capital programme management costs

Examples of new and existing projects requiring borrowing or unallocated capital receipts:

- Match funding to unlock Maintenance Challenge, Pinch Point, Transforming Cities and Business Rates Pool funding.
- Norwich Castle Keep Gateway to Medieval England project
- Funding for environmental policy projects.
- Capital refurbishment of the Council's nine children's homes.
- Various Fire and Rescue Service schemes, including equipment, station enhancements, property capital maintenance and communications/IT improvements.
- Property maintenance and improvements, including refurbishment works to various buildings to allow rationalisation of NCC office accommodation, energy efficiency improvements, and a programme of capital maintenance and improvements at County Hall.
- Fire safety related projects and other health and safety and accessibility improvements throughout the property estate.
- Improvements to the facilities at Woodside One Community Hub
- Farms capital maintenance and
- A new Social Infrastructure Fund, to support major capital projects across the County.

New schemes (grant funded) not requiring additional borrowing

- Highways new DfT grants not already included in the programme are added as secured.
- Schools basic need and capital maintenance grants from the DfE.

Details of all the new schemes above are given in Appendix D.

2.7. Major known funding sources (eg structural maintenance grants) are already in the programme for 2020-21. Other external funding will be added to the programme as and when secured.

2.8. The prioritisation system used to rank schemes has been developed in accordance with good practice and the Council's priorities. It provided a firm basis for comparing unfunded/unsupported schemes and is summarised in Appendix B.

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3. Financing the Programme

- 3.1. The capital programme is financed through a number of sources – grants and contributions from third parties; contributions from revenue budgets and reserves; and external borrowing and capital receipts.
- 3.2. For the purpose of the table below, it is assumed that future capital receipts will be applied to the direct re-payment of debt or the flexible use of capital receipts, rather than funding the capital programme.
- 3.3. Proposed new schemes will result in an additional £45.911m of new borrowing over the period of the programme, subject to alternative sources of funding becoming available, resulting in a total borrowing need of £348.724m to fund the proposals. This amounts to a considerable investment and is a reflection on the decreasing levels of central government capital grant, combined with increasing pressures on the revenue budget.
- 3.4. The funding of the proposed programme is set out in the table below:

Table 4: Funding of the Proposed Capital Programme £m

Funding Source	2020-21 £m	2021-22 £m	2022-23+ £m		Total £m
External Grants and Contributions including Government grants	124.893	53.434	16.289		194.616
Revenue and Reserves	-	-	-	-	-
Capital receipts	-	-	-	-	-
Borrowing	158.254	124.877	65.593		348.724
Total	283.147	178.311	81.882		543.340

Note: this table may be subject to small rounding differences

- 3.5. Grants and contributions funding the programme include grants received or announced in previous years, not yet spent. Non-government external funding is primarily from developer contributions relating to highways and school's schemes around new developments. Most external grants are received from the government Departments for Transport and Education.
- 3.6. Partially due to the recent general election, there have been no significant budget announcements relative to local government capital funding during the development of this programme.
- 3.7. The Department for Education condition funding methodology was reviewed for 2019-20 in April 2019 but has not been updated for 2020-21 and beyond.
- 3.8. Norfolk's DfE Basic Need allocation for 2019-20 and 2020-21 combined was £20.074m, all receivable in 2019-20. The funding is based on 1,874 additional school places. Where not yet spent it is already incorporated into the capital programme.
- 3.9. 2020-21 is the third of three years in which SEND sufficiency capital funding of £0.908m will be received. Two top-ups totalling £1.9m were announced in 2018, but no further announcements have been made in respect of 2020-21.
- 3.10. Highways funding from the Department for Transport (DfT) for both Structural Maintenance and Integrated Transport Block grants is still broadly based upon

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the 6-year profile announced after the last spending review (£23.043m (indicative) and £4.141m respectively).

- 3.11. The transport funding environment has becoming more complex and varied over the past few years: the national LTP maintenance allocation was “top-sliced” to allow councils to bid into one-off “challenge” and “incentive” pots and the Council is looking more towards alternative sources of funding such as Local Growth Funding, City Cycling Ambition and developer funding.
- 3.12. In the 2018 Autumn Budget the Government, announced a £98m grant for the 3rd River Crossing as part of its Large Local Major Schemes Programme. Preliminary work in advance of this scheme is underway.
- 3.13. Details of highways funding and proposed allocations are detailed in the Highways Capital Programme 2020/21/22/23 and Transport Asset Management Plan elsewhere on this agenda.
- 3.14. A Disabled Facilities Grant (DFG) is received as part of the Better Care Fund. This grant is forwarded to district housing authorities to administer.
- 3.15. The Environment Agency provides Lead Local Flood Authorities with an element of funding to carry out their duties under the Flood and Water Management Act 2010, and for their role as statutory consultee on surface water for major developments. The Norfolk allocation for 2019-20 was £0.086m. Continued funding is subject to confirmation from Defra.

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4. Capital Receipts forecast

- 4.1. Where capital receipts are generated through the sale of assets or repayments of loans by third parties, these may be: (a) used to reduce the borrowing requirement of the Council's capital programme in that year, (b) held to offset against future capital borrowing requirements (c) used to repay existing borrowing, or (d) used in accordance with MHCLG guidance for the "Flexible use of capital receipts" (see section 5 below). In accordance with the Council's constitution, some of the farms Capital Receipts are reinvested back into the Farms Estate. Apart from these sales, capital receipts are a corporate asset and therefore not ring-fenced to any specific service or function.
- 4.2. The Council continues to review its assets seeking to ensure that their ongoing use supports the Council's future priorities. Assets that do not meet this need have been identified and form the basis of a continually updated disposal schedule.
- 4.3. The figures included in the schedule are currently the best estimate of the value of properties available for disposal, pending formal valuations, market appetite, planning decisions, timing of sales and delivery options, particularly in relation to housing schemes.

Table 5: Draft property available for disposal schedule, estimates £m

Property sales	2020-21	2021-22	2022-23
	£m	£m	£m
Required to support revenue budget	2.000	2.000	2.000
Potential for flexible use of capital receipts (see below)	3.000	3.000	
Cumulative	5.000	10.000	12.000
Forecast outcome:			
High likelihood	4.831	0.022	
Medium likelihood	1.600	1.402	1.875
Low likelihood (more likely to move to future years)	0.276	0.120	
Major development sites (farms)	3.850	-	
Total	10.557	1.544	1.875
Analyse by farms/non-farms property			
Farms	5.933	1.320	1.875
Non-farms	4.624	0.224	
	10.557	1.544	1.875
Cumulative	10.557	12.101	13.976

- 4.4. In addition to the likely outcome shown above, receipts of £1.005m are forecast in 2023-24. The table above presents a challenging target. Actual receipt will be highly dependent on the timing of sales of development land. Due to the uncertainties involved as to the values and timing, the figures and timing above are a guide and outcomes are reported as properties are sold.

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5. Flexible use of capital receipts

Introduction

- 5.1. MHCLG Statutory Guidance on the Flexible Use of Capital Receipts (updated), dated March 2016, has offered local authorities flexibility in the use of capital receipts. Originally this covered receipts generated between April 2016 and March 2019. However, the Local Government Finance Settlement 2018-19 has extended this for an additional three years.
- 5.2. Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.
- 5.3. Local authorities can only use capital receipts from the disposal of property, plant and equipment assets received in the years in which this flexibility is offered. Local Authorities may not use their existing stock of capital receipts or loan repayments to finance the revenue costs of reform.

Background

- 5.4. Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under section 11 of the Local Government Act 2003, specify the purposes for which capital receipts may be used. The main permitted purpose is to meet capital expenditure together with other specified types of payment. Permitted purposes do not include use to support revenue expenditure.
- 5.5. Under section 16(2)(b) of the 2003 Act the Secretary of State is empowered to issue directions providing that expenditure of local authorities shall be treated as capital expenditure for the purpose of Part 1 of the 2003 Act. Where such a direction is made the expenditure specified in the Direction is from that point on capital expenditure which can be met from capital receipts under the Regulations.

Process

- 5.6. For each financial year, a local authority should ensure it prepares and publishes at least one Flexible use of Capital Receipts Strategy prior to exercising the flexibilities allowed. The strategy must be presented to full Council, and this can be part of the annual budget setting documents.
- 5.7. Ideally, the strategy will be prepared before the start of any financial year. Where the need or opportunity has not been anticipated, the strategy can be presented to full Council at the earliest opportunity.
- 5.8. Examples of projects which generate qualifying expenditure include:
 - Sharing back office services
 - Service reform pilot schemes
 - Service reconfiguration, restructuring or rationalisation
 - Driving a digital approach to the delivery

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- Aggregating procurement
- Setting up commercial or alternative delivery models
- Integrating public facing services across two or more public sector bodies

Strategy content

- 5.9. As a minimum, the Strategy should list each project that plans to make use of the capital receipts flexibility and that on a project by project basis details of the expected savings/service transformation are provided.
- 5.10. The Strategy should report the impact on the local authority's Prudential Indicators for the forthcoming year and subsequent years.
- 5.11. Each future year's Strategy should contain details on projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised in line with the initial analysis.

Strategy for the flexible use of capital receipts

- 5.12. As stated in section 4 above, the value and timing of capital receipts is hard to predict and is not known at this stage. In order to support the revenue budget, the first £2m of capital receipts in 2020-21 and £2m pa thereafter will be applied directly to the repayment of debt, subject to a proportion of capital receipts from the sale of farm land being ring-fenced.
- 5.13. Additional capital receipts will be made available to fund transformation projects, including service restructuring and demand management:
- which are in accordance with Statutory Guidance on the Flexible Use of Capital Receipts (updated) issued by the DCLG, dated March 2016 and
 - subject to scrutiny of proposals by the Executive Director of Finance and Commercial Services.
- 5.14. Any changes to this strategy will be reported through Cabinet.

Specific proposal for the flexible use of capital receipts

- 5.15. On 25 September 2017 Policy and Resources Committee considered a report entitled Demand Management & Prevention Strategy: Children's Services. This resulted in the allocation of £12-£15m into children's services over the four years 2018-22
- 5.16. The investment will fund a programme of transformational change, including investment in specialist, well supported alternatives to residential care, better 16+ provision, workforce training and development and better targeted interventions.
- 5.17. Subject to approval and availability, up to a maximum of £3m capital receipts per annum will to be applied to transformation projects.

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Impact on Prudential Indicators

5.18. By using capital receipts to fund this proposal, there is an opportunity cost of not being able to use the capital receipt for other purposes which could be the direct repayment of debt, or to fund capital expenditure (avoiding the need to borrow).

5.19. Assuming £3m of capital receipts are used to fund transformation projects:

Prudential indicator – impact of using £3m flexibly:	-compared with using capital receipts for the direct re-payment of debt	-compared with using capital to fund capital expenditure
Capital expenditure payment forecast	Expense classed as capital expenditure increases by £3m.	No impact
Ratio of Capital Financing Costs to Net Revenue Stream	No impact	Interest payable + MRP increases approx. £0.26m pa. Ratio increase 0.03%.
Capital Financing Requirement	No impact	CFR increases by £3m
Authorised Limit for External Debt	No impact	Authorised Limit increases by £3.2m
Operational Boundary Limit for External Debt	No impact	Operational Boundary increases by £3.0m

5.20. From 2016-17 the Council has applied available capital receipts directly to the repayment of debt. Receipts not needed for this purpose are now carried forward to repay future debt instalments. As a result, in the medium term, the flexible use will not have a limited impact on the majority of prudential indicators

5.21. Reducing the capital receipts available for the future repayment of debt would have a direct impact on future revenue budgets if the MTFS long term aim of generating £3m pa of available capital receipts for transformation cannot be met.

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6. Revenue Impact of the Proposed Capital Programme

- 6.1. Where the Council uses borrowing to support the capital programme, it must set aside revenue funds on an annual basis to repay the capital borrowed. This is required by statute and is known as Minimum Revenue Provision (MRP). The revenue impact of MRP depends on the expected life of the underlying asset.
- 6.2. In addition to MRP, the Council will need to fund any additional interest costs through future revenue budgets. The Council has the capacity to borrow from the Public Works Loan Board with interest rates currently in the region of 3%.
- 6.3. The table below is an estimate of the maximum incremental revenue impact of proposed new schemes before savings expected to be generated from transformation and other spend to save schemes.

Estimated incremental revenue costs of new capital schemes to be approved				
	2020-21	2021-22	2022-23	2023-24
Assumed interest rate	3%	3.5%	4.0%	4%
	£m	£m	£m	£m
Incremental impact				
Cumulative interest cost	0.412	1.226	1.889	2.076
MRP		1.271	1.987	2.522
Total	0.412	2.497	3.876	4.599

Note: interest costs assume mid-year spend

- 6.4. MRP and interest forecasts assume schemes delivered as set out in the programme. It is likely that a significant proportion of spend will be slipped into future years as schemes are developed and timing of expenditure becomes more certain.
- 6.5. The table above shows the incremental costs associated with new schemes, all other things being equal. It does not take into account the use of previously overpaid MRP which is reducing the charge to revenue in 2020-21.
- 6.6. The actual budgeted financing costs and percentage of the net revenue stream this represents by the revenue costs of borrowing is set out in the Treasury Management Strategy report to this committee.

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Appendices

Appendix A: Capital strategy 2020-21

Appendix B: Capital bids prioritisation

Appendix C: Capital programme 2020-23 – existing schemes summary

Appendix D: New and extended capital schemes

Appendix A: Capital strategy 2019-20



Capital strategy

2020-21

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1 Capital Strategy Introduction

- 1.1 As local authorities become increasingly complex and diverse it is vital that those charged with governance understand the long-term context in which investment decisions are made and all the financial risks to which the authority is exposed. With local authorities having increasingly wide powers around commercialisation, more being subject to group arrangements and the increase in combined authority arrangements it is no longer sufficient to consider only the individual local authority but also the residual risks and liabilities to which it is subject.
- 1.2 The capital strategy is intended to give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

2 Purpose and aims of the Capital Strategy

- 2.1 The CIPFA Prudential Code for Capital Finance in Local Authorities (2017) states that authorities should have in place a capital strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.
- 2.2 The capital strategy is intended to:
- give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability;
 - demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability.
- 2.3 The development of a capital strategy allows flexibility to engage with full council to ensure that the overall strategy, governance procedures and risk appetite are fully understood by all elected members
- 2.4 In considering how stewardship, value for money, prudence, sustainability and affordability can be demonstrated local authorities should have regard to the following key areas:
- Capital expenditure
 - Debt, borrowing and treasury management
 - Commercial activity
 - Other long-term liabilities
 - Knowledge and skills.

The Executive Director of Finance and Commercial Services has considered the affordability and risk associated with the capital strategy and where appropriate has taken specialised advice.

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3 County Council Strategy and transformation

A vision for Norfolk, “Caring for our County”, was approved by Members in February 2018 and outlines the Council’s commitment to playing a leading role in:

- Building communities we can be proud of;
- Installing infrastructure first;
- Building new homes to help young people get on the housing ladder;
- Developing the skills of our people through training and apprenticeships;
- Nurturing our growing digital economy; and
- Making the most of our heritage, culture and environment.

On 7 May 2019, the Council formally adopted a whole Council plan, “Together, for Norfolk”, as part of its policy framework. This brings together the vision in Caring for our County and the Council values and principles, and provides a clear view of the priorities and significant activity that the Council needs to deliver alone or with partners over the next six years.

Together, for Norfolk focuses on partnership working and collaboration, and aims to drive economic growth, improve social mobility, and lead to a better quality of life and outcomes for the people of Norfolk.

Our services support our ambition by ensuring children and young people have the best start in life, protecting vulnerable people, developing strong infrastructure, maintaining a safe road system and helping improve the economy. The Council’s transformation programme, Norfolk Futures, provides the mechanism to realise these ambitions for the County across all of its activities.

We currently have four priorities to help us to deliver the strategy:

1. Safer children and resilient families
2. Promoting independence for vulnerable adults
3. Local service strategy
4. Smarter working.

The council is also looking to change the way we work to reflect new systems and technology. As an organisation, we will be more flexible about when and where we work, and how we creatively use space and technology to find new and more efficient ways of doing things in a modern and business-like way.

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4 Capital expenditure

4.1 Governance process for approval and monitoring of capital expenditure

The Council's capital programme is approved as part of the budget setting process. Prior to the start of each financial year, usually in February, the County Council agrees a future three or four-year capital programme including a list of projects with profiled costs and funding sources.

At the year-end unspent capital funding on incomplete projects is carried forward to the following year as part of the closedown process and reported to the Council's Cabinet, with any changes to the budget approved by County Council. New schemes added during the year which require prudential borrowing are also approved by County Council based on recommendations from Cabinet. Where additional external funding is received by on-going capital projects, this is added to the programme and noted by Cabinet on a monthly basis.

An outturn report each year gives details of actual expenditure and funding.

4.2 Policies on capitalisation

4.2.1 Property, Plant and Equipment

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. The de-minimis level for property, plant and equipment is £40,000.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

4.2.2 Heritage Assets

Heritage Assets are assets which increase the knowledge, understanding and appreciation of the local area and its history. The recognition of Heritage Assets is consistent with the Council's Property, Plant and Equipment policy, including the £40,000 de-minimis.

Apart from Heritage Assets previously accounted for as Community Assets, Heritage Assets acquired before 1 April 2010 have not been capitalised, since reliable estimates of cost or value are not available on a cost-effective basis.

4.2.3 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset.

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Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

4.3 Long-term view of capital expenditure plans

4.3.1 The Council's Service areas consider their capital expenditure plans in the context of long-term service delivery priorities and the Council's vision and plan. Historically, larger government capital grants development and capital maintenance of highways and schools have formed the basis of an affordable capital programme. This is supplemented by other funding sources, specific grants, and prudential borrowing. Long term capital planning includes the following major capital programmes:

4.3.2 **Adult Social Services - Living Well – Homes for Norfolk:** capital investment of up to £29m over 10 years has been approved to accelerate the development of extra care housing in Norfolk, with the aim of reducing unnecessary residential care admissions. Each individual scheme will be subject to a rigorous feasibility and financial assessment. Over a 10-year period it is estimated that the total programme could require between £17m and £29m depending on progress and grant subsidy levels.

4.3.3 **Transport and infrastructure** – The Council has secured £98m DfT funding towards the £120m Great Yarmouth Third River Crossing due to complete in 2023.

Officers are developing strategic schemes (with partners where applicable) which may attract funding. Examples of schemes being taken forward are:

- Norwich Western Link
- A47 improvements (dualling of Acle Straight and Tilney to East Winch including Hardwick Flyover)
- A140 Long Stratton bypass
- A10 West Winch Housing Access Road
- Rail enhancements: passenger and freight.

A number of the county council's priorities were included as priorities by Transport East, the Sub-national Transport Body for the region, in its submission for priorities for large local major road, and major road network, funding. These were Norwich Western Link, Long Stratton Bypass, A10 West Winch Housing Access Road and A47/A17 junction King's Lynn. As part of this submission, the county council provided supporting evidence including strategic outline business cases for the Norwich Western Link, Long Stratton Bypass and West Winch Housing Access Road.

In partnership with Norwich, Broadland and South Norfolk the county council has been successful in securing Transforming Cities funding for projects to transform transport in and around Norwich further announcements are anticipated.

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4.3.4 Children's Services:

SEND provision: As part of the transformation the System for Special Educational Needs and Disability (SEND) in Norfolk. On 29 October 2018, Policy and Resources Committee approved a major capital scheme for the creation of new specialist SEND provision. Phase 1 is for £100m expenditure over 3 years. A further estimated £20million for associated residential / outreach and early intervention services, including Preparing for Adult Life is forecast for subsequent years. As well as specialist units in mainstream schools, the programme is due to deliver:

- a new school in Great Yarmouth for young people with social, emotional and mental health (SEMH) needs;
- a complex needs school in the Norwich area; and
- a new school for children with autism in North Norfolk.

Schools: The Council has a duty to secure sufficient pupil places to meet the demands of the school-age population. Government capital grants, along with funding from other sources such as developer contributions are used to support the Council's strategic plans for the provision of additional places in areas of population growth, and for improving the quality of existing Council-maintained school buildings.

4.3.5 Trading through companies / capital loans

The Council controls a number of wholly owned companies and has made loans for capital purposes available to Hethel Innovation Ltd, Repton Property Developments Limited, and companies within the Norse Group. In addition to loans to group companies, the Council has made a small number of capital loans to local housing developers.

These loans are approved as part of the capital programme, and are for capital purposes. Records are maintained to ensure that the loans are not disproportionate in terms of either the overall capital programme, or the Council's net and gross expenditure. Loans are subject to due diligence, and relate to the Council's powers to trade, or to assist third parties who are helping to further the Council's priorities, including housing and economic development.

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4.3.6 Capital project prioritisation

4.3.6.1 The Council has to manage demands for investment within the financial constraints which result from:

- The limited availability of capital grants
- The potential impact on revenue budgets of additional borrowing and
- The level of capital receipts generated.

As a result, prioritisation criteria have been developed to assess any capital bids that ensure the Programme is targeted to Council priorities.

4.3.6.2 Capital bids that require support must be supported by a Business Case that demonstrates

- Purpose and Nature of scheme
- Contribution to Council's priorities & service objectives
- Other corporate/political/legal issues
- Options for addressing the problem/need
- Risks, risk mitigation, uncertainties & sensitivities
- Financial summary including amounts, funding and timing

4.3.6.3 The corporate capital prioritisation model was first used for the 2015-16 capital programme and operates at a programme level, with most schemes prioritised at a more detailed level within the major capital programme areas of transport and schools. Prioritisation criteria are reviewed annually to ensure they continue to reflect the changing needs and priorities of the Council.

4.3.6.4 Schemes are considered within the appropriate service to ensure that the capital programme integrates with business and service planning, with revenue implications taken into account. Highways schemes are prioritised within CES. Schools schemes are prioritised through the Children's Services Capital Priorities Group. The majority of non-school property schemes are administered by the Council's Corporate Property team. Other schemes not covered by the major headings above are developed by the relevant chief officer, and where corporate funding is required are considered by the Executive Director of Finance and Commercial Services, who considers the overall affordability of the programme.

4.3.6.5 The Council's capital programme is formed by bringing the various capital programmes together, and ensuring that sufficient funding is available before seeking Council approval.

4.3.6.6 For schemes with no funding source, a benchmark has been applied, being the score for a dummy project of simply re-paying debt. Even for fully funded schemes, the scoring checks that revenue implications are considered, and the project contributes to the Council's objectives.

4.3.6.7 Although the prioritisation model has been broadly applied, it is primarily applicable to new projects and projects requiring the use of borrowing and/or capital receipts to provide funding.

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4.4 Overview of asset management planning

4.4.1 Asset management planning

The majority of asset management planning falls under three major areas of capital spend: highways, schools, and corporate property.

4.4.1.1 Highways

As the highways authority for Norfolk, the Council has a responsibility to maintain, operate and improve its highway assets (eg roads and bridges). The landscape is one of increasing financial pressure, significant backlogs of maintenance, accountability to funding providers and increasing public expectations.

The Council's Transport Asset Management Plan identifies the optimal allocation of resources for the management, operation, preservation and enhancement of the highway infrastructure. This plan is developed in the context of longer term local transport plans eg "Connecting Norfolk: Norfolk's Transport Plan for 2026" and the Norfolk Strategic Infrastructure Delivery Plan 2018-2028. Norfolk's Transport asset management plan 2019-20 – 2023-24 can be found at:

<https://www.norfolk.gov.uk/what-we-do-and-how-we-work/policy-performance-and-partnerships/policies-and-strategies/roads-and-travel-policies/transport-asset-management-plan>

4.4.1.2 Schools

Each year the Council rolls forward its approved schools' capital building programme, making revisions to the existing programme and adding new schemes to reflect pressures and priorities.

The member led Children's Services Capital Priorities Group monitors the progress of the capital programme and considers in detail projects of concern, based on a regular risk assessment.

The impact of major growth areas, the forecast impact on pupil numbers with short, medium and longer term responses in terms of schools provision was set out in a report to March 2019 Children's Services Committee.

4.4.1.3 Corporate Property

The Council's Corporate Property Team has responsibility for property and asset management, supported by the Corporate Property Strategy Group.

The Council's Asset Management Plan (AMP) sets out a framework for property management. The latest published Corporate Asset Management Plan 2016-2019 "One Public Service – One Public Estate" identifies the key strategic policy and resource influences affecting Norfolk and the Council and in response sets a direction for asset management over the medium term, enabling its property portfolio to be optimised to meet identified needs. The plan can be found at:

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<https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/policy-performance-and-partnerships/policies-and-strategies/finance-and-budget/corporate-asset-management-plan-2016-to-2019.pdf>.

4.4.2 Capital Funding Sources

There are a variety of different sources of capital funding, each having different advantages, opportunity costs and risks attached.

4.4.2.1 Borrowing

The Prudential Capital Finance system allows local authorities to borrow for capital expenditure without Government consent, provided it is affordable taking into account prudent treasury management practice.

As a guide, based on recent long term rates, borrowing incurs a revenue cost of approximately 7% of the loan each year for an asset with a life of 25 years, comprising interest charges and the repayment of the debt (known as the Minimum Revenue Provision or MRP). The Council needs to be satisfied that it can afford this annual future revenue cost.

Local Authorities have to earmark sufficient revenue budget each year as provision for repaying debts incurred on capital projects, in accordance with its MRP policy.

4.4.2.2 Grants

The challenging financial environment means that national government grants are reducing or changing in nature. A large proportion of this funding is currently un-ringfenced which means it is not tied to particular projects. However, capital grants are allocated by Government departments which clearly intend that the grants should be certain area such as education or highways. Sometimes, for major projects such as the Great Yarmouth Third River Crossing, grant funding is not sufficient to meet total costs, and other sources of funding will be sought to fund the gap.

4.4.2.3 Capital Receipts

Capital receipts are estimated and are based upon the likely sales of assets as identified under the Asset Management Plan. These include development sites, former school sites and other properties and land no longer needed for operational purposes. Receipts are critical to delivering our revenue budgets through the direct repayment of debt and, where allowed, the flexible use of capital receipts. Receipts not used for that purpose can be used to reduce future borrowing requirements.

4.4.2.4 Revenue / Other Contributions

The Prudential Code allows for the use of additional revenue resources within agreed parameters. Contributions are received from other organisations to support the delivery of schemes with the main area being within the education programme with contributions made by individual schools and by developers.

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4.4.3 Capital Programme overview

- 4.4.3.1 The Capital Programme should support the overall objectives of the Council and act as an enabler for transformation in order to address its priorities.
- 4.4.3.2 Over the last three years Norfolk County Council's capital expenditure has been as follows:

Financial year	2016-17	2017-18	2018-19
	£m	£m	£m
Capital expenditure	205.2	225.9	158.5

Capital expenditure was significantly higher than usual in 2016-17 and 2017-18 due to the construction of the £205m Broadland Northway (Norwich NDR).

The Council's 2018-19 capital programme was split by funding type as follows:

Funding type	£m	%
Capital grants and contributions	105.2	67
Revenue and reserves	1.9	1
Capital receipts applied	2.0	1
Borrowing	49.2	31
Total	158.5	100

4.4.4 Costs of past and current expenditure funded through borrowing

4.4.4.1 Actual borrowing and borrowing requirement

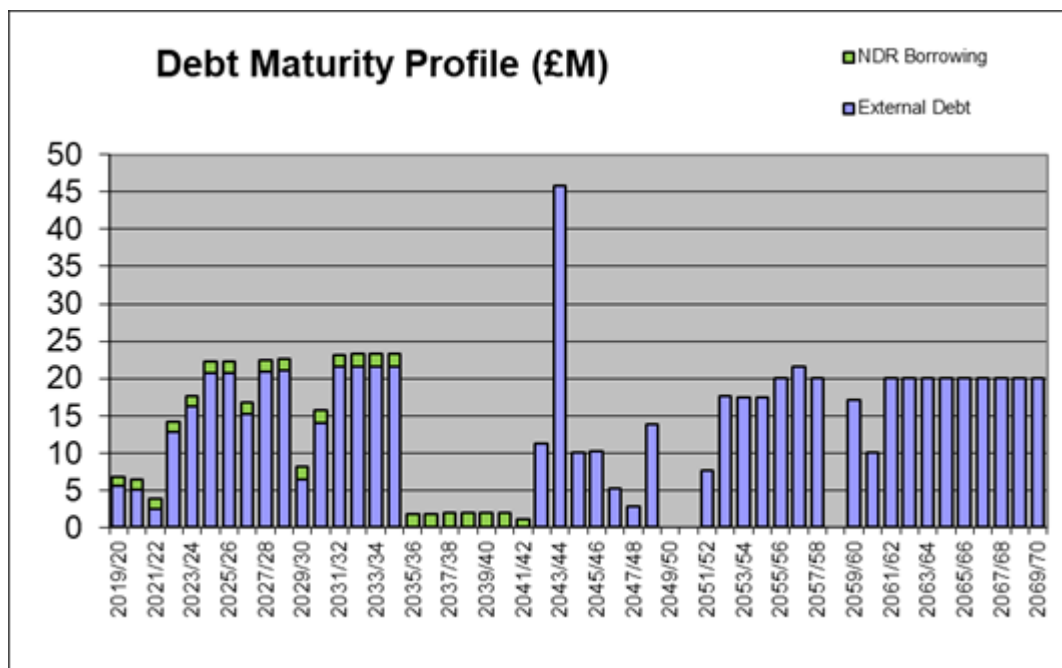
	£m
Borrowing b/fwd 1 April 2019	625
New Borrowing April – November 2019	87
Principal repayments 2019-20 – PWLB loans	-6
Forecast additional borrowing 2019-20	-
Forecast borrowing 31 March 2020	706
Other long-term liabilities (PFI + leases) 31 March 2020	64
Forecast borrowing and long-term liabilities 31 March 2020	770
Capital financing requirement 1 April 2019	778
Borrowing requirement after assumed slippage	51
MRP	-5
Forecast capital financing requirement 31 March 2020	824
Forecast borrowing requirement 31 March 2020	54

(Note: forecasts as at 30 November 2019)

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4.4.4.2 Repayment profile of borrowing

The Council borrows in order to fund capital expenditure. This chart shows the repayment profile of borrowing undertaken as at the end of November 2019:



Due to the setting aside of an annual minimum revenue provision (see below), the charge to annual revenue budgets is based on notional borrowing and asset lives, rather than the actual maturities shown in the graph above.

The unusually high repayment due in 2043-44 includes £20m of commercial borrowing. The Council, with its treasury advisors, will consider re-financing options as and when they are offered which may smooth the repayment profile.

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4.4.4.3 Interest and MRP costs

This table shows the cost of interest on borrowing and MRP budgeted for 2019-20. MRP (minimum revenue provision) is the amount the Council sets aside each year from revenue in order to service the repayment of debt, and is based on the cost and estimated life of assets funded through supported borrowing to 2008 and prudential borrowing thereafter.

Borrowing revenue costs (as at September 2019)	£m
Forecast external loans interest costs 2019-20	28.9
Calculated MRP 2019-20	25.9
Theoretical revenue costs of borrowing	54.8
Use of capital receipts	-2.0
Use of external contributions	-1.3
Reduction due to previous overpayments of MRP (temporary adjustment)	-18.1
Annual revenue costs of borrowing 2019-20	33.4

Additional borrowing will increase the cost of interest. The current low interest rates compared with the higher rates of borrowing on repaid debt is assisting with the funding of new borrowing costs. However, on 9 October 2019 the government increased PWLB rates by 1% which will increase the costs of future borrowing by £0.100m pa for every additional £10m borrowed (the rate rise does not affect borrowing for certain approved highways infrastructure projects).

The reduction due to previous overpayments of MRP will be available until 2020-21. Thereafter, full MRP is accounted for in the MFS, and additional debt-funded capital expenditure will increase annual MRP.

4.4.5 Maintenance requirements

Services include the revenue costs of maintenance in their revenue budgets, including the costs and savings relating to capital investment.

4.4.6 Planned disposals

The Council actively manages its property portfolio in accordance with the adopted Asset Management Plan. Property is acquired or disposed of as a reaction to changing service requirements, changing council policies or to improve the efficiency of the overall portfolio.

Assessments are carried out by the Corporate Property Officer (the Head of Property) in consultation with the Corporate Property Strategy Group (CPSG) with decisions taken through Cabinet in accordance with Standing Orders. The Corporate Property Officer reviews options for maximising income from surplus properties usually by open market sale. External advice, for example valuation and/or planning, is taken where appropriate.

4.5 Restrictions around borrowing or funding of ongoing capital finance

Apart from the general requirements on local authorities to ensure that their borrowing is prudent and sustainable, there are no specific external restrictions around the Council's borrowing or funding of ongoing capital finance.

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5 Debt, borrowing and treasury management

5.1 Projection of external debt and use of internal borrowing

The Council uses external debt and internal borrowing (from working capital cash balances) to support capital expenditure. As shown above there will be a forecast borrowing requirement at 31 March 2020 of £54m.

Except in the case of specific externally financed projects (such as the Great Yarmouth 3rd River Crossing), new borrowing is applied to the funding of previous capital expenditure, effectively replacing cash balances which have been used on a temporary basis to avoid the cost of 'carrying' debt in the short term. The Council continues to use cash balances for this purpose and will continue to balance the long-term advantages of locking into favourable interest rates against the costs of additional debt.

Based on the capital programme, an allowance for slippage, forecast interest rates and cash balances, new borrowing of £80m in 2020-21 and £60m 2021-22 is anticipated.

Assuming outstanding borrowing of approximately £1bn with a maximum life of 50 years, and annual MRP exceeding £20m pa from 2021-22, a factor in any borrowing decision will be to smooth out the repayment profile such that new borrowing does not cause debt maturing in any one year to exceed £25m, except 2042-43 which for historic reasons includes a large repayment of commercial and PWLB debt.

5.2 Provision for the repayment of debt over the life of the underlying debt

Provision for the repayment of debt over the life of the underlying debt is made through the setting aside of the minimum revenue provision each year. Based on an assumption of between £55m and £70m capital expenditure funded by borrowing each year (in line with an ambitious but realistic capital spend), with assets having an average estimated life of 25 years, forecast provision at the time of writing for the repayment of debt is as follows:

Financial year	MRP	MRP over-payment reduction	Net MRP forecast (Note 1)
	£m	£m	£m
2020-21	27.7	14.4	13.3
2021-22	30.6	1.0	29.6
2022-23	33.6	-	33.6

Note 1: impact on revenue budget will be reduced by the use of capital receipts to repay debt, and external contributions to debt repayment.

Note 2: the estimate of annual expenditure is based on the approved capital programme, adjusted for re-profiling based on historic patterns of spend.

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5.3 Authorised limit and operational boundary for the following year

The Council's authorised borrowing limit and operational boundary for 2020-21 will be based on the approved capital programme at the time of budget setting.

5.4 Approach to treasury management

The Council's approach to treasury management including processes, due diligence and defining the authority's risk appetite will be set out in the annual Investment and Treasury Strategy, approved annually by the County Council.

6 Commercial activity

One of the seven priorities contained within Norfolk Futures: The Council's Strategy for 2018-2021 is commercialisation. Within this priority, the 3 key focus areas are:

- Improving the return on existing assets and the return on investments;
- Making the Council's trading functions more profitable and charging fully (including overheads) where the charging framework is set out in statute;
- Implementing a more business-like approach to managing our services.

In addition, the "Towards a Housing Strategy" priority contains a specific commercialisation focus area:

- by undertaking direct housing development on council owned land, a council-owned development company will provide a new income stream (via the developer's profit) to NCC.

Elements of the capital programme are focussed on these aims, including capital improvements to property, and providing capital loan facilities to the council's wholly owned companies.

The Council's capital investments are policy driven. It has no capital or property investments which are held 1) purely to generate a return or 2) out of County.

Non-treasury investments, including loans to companies, and investment properties as defined for statutory accounting purposes are listed in detail in regular Treasury Management reports.

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7 Other long-term liabilities

- 7.1 The Council's other long-term liabilities comprise PFI liabilities (six schools in the Norwich area, street lighting throughout Norfolk, and salt barns) and lease liabilities (for example vehicles and ICT equipment).
- 7.2 The PFI arrangements continue to be monitored to ensure performance is in accordance with contract requirements. All PFI arrangements are subject to member approval. No PFI arrangements are currently being pursued.
- 7.3 All leases are subject to general budgetary constraints, with service departments taking budget responsibility for the length of the lease. Finance leases are arranged through Link Asset Management, the Council's treasury management advisors. From 2020-21, the International Financial Reporting Standard will require more arrangements to be accounted for in the same way as finance leases, including arrangements currently classed as operating leases, as well as service contracts where the Council controls the use of specific assets.
- 7.4 As set out in the Council's annual Statement of Accounts the Council has historically given several financial guarantees for project funding. Since 2008 financial guarantees have to be accounted for as a financial instrument – there are no such guarantees material to the accounts. Any guarantees and contingent liabilities are costed and approved as part of the annual capital programme.

8 Knowledge and skills

- 8.1 The Council has a number of specialist teams delivering the capital programme, including schools, transport and the Corporate Property Team.
- 8.2 These teams are supplemented by professional external advisors as necessary, including Norfolk Property Services, professional highways consultants, and external valuers.
- 8.3 The Capital Programme is kept under continual review during the year. Each scheme is allocated a project officer whose responsibility is to ensure the project is delivered on time, within budget and achieves the desired outcomes.
- 8.4 Capital finance monitoring reports are prepared monthly, and presented to Cabinet. New schemes are approved by Cabinet and then County Council. Various Project Boards, specialist teams of officers, and member-lead Working Groups, such as the Children's Services Capital Priorities Group, oversee the co-ordination and management of significant elements of the Capital Programmes.

Appendix B: Capital bids prioritisation model

The three main objectives in compiling an affordable capital programme are:

- to provide an ambitious and deliverable programme
- to minimise unaffordable revenue costs, mainly by avoiding unsupported expenditure.

Funding for capital schemes comes from a variety of sources. Significant capital grants are received annually from the departments for Transport and Education, in the expectation that they will be spend on maintaining and improving the schools and highways estates. Other funding, often relating to specific projects, comes from a variety of sources. Capital receipts can be used to fund capital expenditure, but where there are no unallocated capital receipts borrowing is necessary.

In developing the capital programme, the following are taken into account:

1. Existing schemes and funding sources: a large part of the capital programme relates to schemes started in previous years or where funding has been received in previous years and will be carried forward.
2. Additional capital schemes approved during the year.
3. Prioritising new and on-going schemes on a Council-wide basis to ensure the best outcomes for residents.
4. If a limit has to be applied to the amount of funding available in any year, the model may have to be developed to categorise schemes, for example into those that are Essential, Priority (short term), Priority (longer term) and Desirable, and to limit spend on scalable projects or programmes funded through prudential borrowing.
5. The prioritisation process gives a high weighting to schemes which have funding secured. Where non-ringfenced capital grants are received there is a working assumption that they will be allocated to their natural home: for example DfT grants to highways, DfE grants to the schools capital programme.
6. Where a scheme does not have a funding source, priority is given to schemes which can provide their own funding. Where revenue or reserves cannot be identified, then it may be possible to identify future revenue savings or income streams which can be used to re-pay borrowing costs;
7. If there are unallocated capital receipts, these will be used to provide funding for higher priority unfunded schemes, or short life schemes where this gives a favourable MRP position.

The capital project marking guide is based on the suggestions made in previous years. Although the prioritisation model has been broadly applied, it is primarily

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applicable to new projects and projects requiring the use of borrowing and/or capital receipts to provide funding.

Capital programme 2020-23 – prioritisation scores

	Stat or Regulatory duty	CC Priorities	Cross- service Working	Impact on Council borrowing	Leverage Value	Flexibility and Scalability	Avoidance of risk to service delivery	Total Score
	1	2	3	4	5	6	7	
Weighting	10	20	10	25	15	10	10	100
Scheme type / category	Score	Score	Score	Score	Score	Score	Score	
Highways Capital Improvements	3	5	2	5	5	2	5	84
Highways Structural Maintenance	4	4	2	5	2	2	5	73
Highways other DfT grant funded works	4	4	2	5	2	2	5	73
Temporary Classrooms	4	4	1	5	0	3	5	67
Major highways schemes - majority grant funded	3	5	3	2	4	1	5	66
Schools Capital Maintenance	3	4	1	5	0	3	5	65
Living Well - Homes for Norfolk	4	5	3	2	1	5	4	65
Better Broadband for Norfolk	0	5	3	4	4	0	3	64
School Basic Need	4	4	1	5	0	3	3	63
Delivery of CS Sufficiency Strategy	5	3	3	4	0	3	4	62
Highway investment (mainly borrowing)	3	5	2	3	1	2	5	62
Norfolk One Public Estate programme	3	2	4	1	5	5	2	56
Server infrastructure	2	2	3	3	2	3	5	55
Historic buildings maintenance (museums/windmills)	4	4	3	2	0	4	3	54
Technology (transformation)	2	2	3	3	2	4	3	53
Fire appliances/equipment	4	4	0	3	0	2	5	53
Scottow Enterprise Park capital	0	5	4	2	0	3	3	50
Norse and other NCC subsidiaries; loan facility	0	1	1	4	3	5	2	49
Norwich Castle Keep development (non-grant element)	2	4	1	1	5	2	1	48
Farm property capital maintenance	2	1	0	5	0	3	4	47
Community - Equipment and Assistive Technology	3	3	0	3	0	2	5	47
Corporate offices capital maintenance	2	2	5	1	0	5	4	45
Licencing and generic ICT capital improvements	2	2	1	3	2	4	1	45
Fire Property Maintenance	2	2	5	1	0	5	4	45
Social Infrastructure Fund / Environment match funding	0	3	2	0	5	4	0	39
Replacement HWRCs	3	4	0	1	0	1	5	39
County Hall remodelling	0	2	3	3	0	3	2	39
GRT – site Improvements	4	2	3	0	1	2	4	37
Replacement non-critical ICT	0	2	2	3	0	2	3	37
On Street Parking	3	0	0	3	1	3	3	36
Managing Asbestos Exposure	5	1	1	0	0	5	5	36
Repay Debt (Dummy reference bid)	0	0	0	5	0	5	0	35

The prioritisation scores above are based on scores given to scheme in previous years. Schemes in Appendix D below relate to one or more of the schemes above and exceed the minimum (dummy) reference bid.

Appendix C: Capital programme 2020-23 – existing schemes £m

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Service/Project	2020-21			2021-22			2022-23			Grand Total
	NCC Borrowing and Capital Receipts	Grants and Contributions	2020-21 Total	NCC Borrowing and Capital Receipts	Grants and Contributions	2021-22 Total	NCC Borrowing and Capital Receipts	Grants and Contributions	2022-23 Total	
Adult Social Care	0.459	0.527	0.986	-	-	-	-	-	-	0.986
Unallocated Social Care Grant	7.193	0.046	7.239	-	-	-	-	-	-	7.239
ICES Equipment	3.002	-	3.002	-	-	-	-	-	-	3.002
Living Well - Homes for Norfolk	3.500	-	3.500	4.500	-	4.500	20.000	-	20.000	28.000
Adult Social Care Total	14.154	0.573	14.726	4.500	-	4.500	20.000	-	20.000	39.226
Children's Services	14.928	44.534	59.462	7.035	9.888	16.923	-	-	-	76.384
SEND Transformation	22.965	-	22.965	52.670	-	52.670	-	-	-	75.635
SEND Transformation Phase 2	-	-	-	-	-	-	20.000	-	20.000	20.000
Children's Services Total	37.893	44.534	82.427	59.705	9.888	69.593	20.000	-	20.000	172.019
Better Broadband For Norfolk	6.958	-	6.958	5.000	-	5.000	-	-	-	11.958
Ec Development inc Scottow	7.227	-	7.227	1.400	-	1.400	-	-	-	8.627
ETD Other	0.532	-	0.532	0.220	-	0.220	-	-	-	0.752
ETD Waste	6.000	-	6.000	3.500	-	3.500	-	-	-	9.500
Fire	6.198	0.049	6.248	1.150	-	1.150	-	-	-	7.398
Highways	7.241	33.515	40.756	6.659	-	6.659	15.000	-	15.000	62.415
Highways, Western Link Road	1.657	1.657	3.314	-	-	-	-	-	-	3.314
Gt Yarmouth 3rd River Crossing	6.848	31.362	38.210	-	41.837	41.837	-	16.280	16.280	96.327
Libraries	0.208	0.218	0.426	-	0.003	0.003	-	-	-	0.430
Museum	0.091	-	0.091	-	-	-	-	-	-	0.091
Museum - Castle Keep	1.950	8.121	10.071	-	1.522	1.522	-	0.009	0.009	11.602
Adult Education	1.230	-	1.230	-	-	-	-	-	-	1.230
CES Total	46.140	74.922	121.062	17.929	43.363	61.292	15.000	16.289	31.289	213.643
Budget Manager Licences	0.024	-	0.024	-	-	-	-	-	-	0.024
Capital Loans Facility	6.000	-	6.000	1.368	-	1.368	-	-	-	7.368
Repton Loan	4.000	-	4.000	5.000	-	5.000	-	-	-	9.000
Finance	4.817	-	4.817	4.847	-	4.847	1.235	-	1.235	10.899
Finance - ICT	4.385	4.865	9.250	0.700	0.183	0.883	-	-	-	10.133
Offices	5.090	-	5.090	3.318	-	3.318	-	-	-	8.408
Offices - County Hall	12.469	-	12.469	10.669	-	10.669	-	-	-	23.137
Offices - Corporate Refurbishment	1.786	-	1.786	1.786	-	1.786	-	-	-	3.573
Finance & Commercial Servs Total	38.571	4.865	43.435	27.687	0.183	27.870	1.235	-	1.235	72.541
Grand Total	136.757	124.893	261.650	109.821	53.434	163.255	56.235	16.289	72.524	497.429

Appendix D: New and extended capital schemes

Proposed new schemes added to the capital programme are listed below:

Service	New capital project / programme	2020-21	2021-22	2022-23+	Additional information
		£m	£m	£m	
Children's Services	Cloud based accounting for schools	0.050	0.050	0.050	Development of cloud based accounting systems for schools and academies
	Schools equipment capitalisation	2.000	2.000	2.000	Addition of £2m per annum to the Children's Services capital programme to replace revenue contributions. This will be used to support the 2020-23 Children's Services revenue budget.
	Total Children's Services	2.050	2.050	2.050	
CES	Highways				
	Highways	0.500	0.500	0.500	Highways capitalisation: additional capitalisation of Highways activities.
	On-street parking	0.250	0.250		On-street parking: Investment required to deliver the forward programme of On-street parking roll out.
	West Winch Housing Access Road	0.800	0.400		West Winch Housing Access Road: on 2 September 2019 Cabinet approved the match-funding for the Business Rates Pool (BRP) for scheme development.
	Maintenance Challenge fund – Match funding	0.450	0.350	0.350	Highways match funding - maintenance challenge fund. Capital funding to unlock external funding for projects including:
					· A1122 Marham Resurfacing
					· A1066 Thetford to Riddlesworth
					· Carrow Bridge in Norwich and
					· Haven Bridge in Gt Yarmouth.
	Pinch Point Funding – Match Funding		0.250	0.250	Pinch Point match Funding: Capital funding to unlock external funding for projects including A1122/A134 Stradsett Crossroads, (new roundabout).

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Service	New capital project / programme	2020-21	2021-22	2022-23+	Additional information
		£m	£m	£m	
	Transforming Cities/ Future Mobility Fund Match Funding	2.000	2.000	1.000	Transforming Cities/ Future mobility Fund match funding to unlock external funding, based on Indicative profile of projects which will potentially secure £101m over 3 years.
	Norfolk Fire & Rescue Service				
	Parking improvements	0.100			Parking improvements on the Operations and Communications Centre campus, Wymondham: one-off contribution to Norfolk Constabulary.
	Fire Cadet equipment	0.025			Fire Cadet equipment: to refresh existing units and start new unit in Great Yarmouth
	Fire Portable cabin/office	0.042			Portable cabin/office, to bring Princess Trust on Earlham station site.
	Fire Experience Unit	0.075			New mobile Fire Experience Unit (FEU)
	Fire Critical Equipment			0.150	Fire Critical Equipment 2022-23– Extended funding for NFRS requirement to replace, update and develop the services critical equipment programme.
	CES - other				
	Castle Keep project		1.250	1.250	Gateway to Medieval England project: additional budget risks associated with a major construction project in a very complex historic building have been mitigated by a programme of targeted surveys and investigations, however, it is recommended that a further ring-fenced contingency sum is allocated to support the project.
	Environmental policy projects	0.500	0.500		Environmental policy projects £1m approved at County Council 25 November 2019. Funding profile will be adjusted as projects are developed.
	HWRC CCTV and ANPR replacement	0.300			Household Waste Recycling centres Replacement of CCTV and ANPR at 19 Recycling Centres. Fixed cameras and associated software to support data analysis, health and safety and incident management.
	Trading Standards	0.025			Investment in metrology equipment
	Web Team	0.500	0.250	0.250	Capital development of the Norfolk Directory

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Service	New capital project / programme	2020-21	2021-22	2022-23+	Additional information
		£m	£m	£m	
	Gypsy, Roma and Traveller (GRT) sites	0.385			GRT sites: bring the relevant parts of the site, including communal areas, up to acceptable standards.
	Archive Centre	0.200			Archive Centre: Investment in new storage equipment and reconfiguration to provide additional office space and capacity for new accessions until 2029.
	Gressenhall meeting and conference facilities	0.070			Capital investment at Gressenhall to create meeting/conference space, which will result in additional income generation.
	Norfolk Windmills Trust (NWT)	0.090	0.080	0.070	NWT: Capital maintenance to halt the condition decline of NWT mills.
	Environment – Data migration project	0.035			Digitisation of the Environment records Database and Norfolk Mapping, making these available digitally.
	Total CES Capital new borrowing	6.347	5.830	3.820	
Finance and Comm Services					
- Property	Property - Fire				
	Height training facilities	0.110			Roof ladder & working at height training facilities at both Bowthorpe Training Centre, Norwich & Downham Market Fire Station
	Reconstruction of drill yards	0.591			Reconstruction of tarmac drill yards at Methwold, Acle, East Harling, Watton & Gorleston Fire Stations
	Sandringham Fire Station capital maintenance	0.015			Replacement of roof finish at Sandringham Fire Station
	Changing and associated facilities - capital maintenance	0.259			Refurbishment & upgrade of changing, locker, storage and toilet facilities & associated works at Dereham, Gt Massingham and West Walton Fire Stations.

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Service	New capital project / programme	2020-21	2021-22	2022-23+	Additional information
		£m	£m	£m	
	Replacement of training towers	0.298			Replacement of existing metal Lattice training towers with new towers/structures to Aylsham, Martham, Stalham, Sandringham, Loddon & East Harling Fire Stations. Additional funding required to complete works.
	Appliance bay door replacement	0.035			Replacement of appliance bay doors at Diss, Fakenham & Dereham Fire Stations
	Property – Children’s Services				
	Childrens Homes refurbishment programme	3.877			NCC's children's homes: capital refurbishment of NCC's nine children's homes, to make a more homely environments and to address areas of deterioration.
	Property – Offices and other				
	County Hall Annex car park	1.570			Additional funding to create a deck style carpark to achieve the full allowable car parking numbers to tie in with planned moves of staff onto County Hall campus.
	County Hall Heating and Cooling	0.300			Improvements to design and operation of County Hall Heating and Cooling systems
	Offices accommodation rationalisation	1.500	1.000		Investment to facilitate the roll out of the smarter working programme as agreed by the transformation board in January 2020, by making required modification to operational buildings to facilitate flexible and agile working.
	Flexible workspace desk monitors	0.102			Additional desk monitors for 350 desks to standardise flexible workspaces
	Capitalisation of CPT staff costs	0.181			Capitalisation of property staff costs where properly allocated to specific capital schemes including County Hall and accommodation rationalisation.
	Changing Places Toilets	0.300	0.300		Installation of changing places toilets on 10 of our most prominent sites
	Asbestos removals	0.250	0.250	0.250	Remedial capital works where asbestos is identified as a risk
	Fire safety related projects	1.000	0.700	0.200	Fire related works required as a result of risk assessments
	Corporate Minor works				

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Service	New capital project / programme	2020-21	2021-22	2022-23+	Additional information
		£m	£m	£m	
	– Equality Act	0.200	0.100	0.100	Capital works to resolve access and other Equality Act issues
	– Health and Safety	0.300	0.200	0.200	Works required as a result of health and safety audits
	– other	0.400	0.250	0.250	Minor capital refurbishment projects throughout NCC estate.
	Defibrillators	0.070			56 defibrillators to be installed in various buildings including all libraries
	Energy related Project	0.800	0.700		Design and installation of energy related improvements
	Monorail system for CH and Lift replacement in Priory	0.440			Monorail system for County Hall to improve access to the roof and external maintenance, and replacement of aging lift equipment in the Priory offices.
	Wensum Lodge capital improvements	0.030			Capital improvements to the Wensum Lodge site to enhance security and health and safety on site, and to promote income generation and use of the site.
	King's Lynn Museum	0.250	0.350		King's Lynn Museum, a listed building, is suffering from structural movement and remedial works are necessary to stabilise the building and to ensure the safety of the building and surrounding area.
-ICT - general	Woodside One Community hub – technical capacity	0.221	0.092	0.083	Project to develop the 'tech' capacity and capabilities of Woodside One Community Hub, including facilities for education and the creation of an innovation hub.
-ICT - fire	Fire Service – AV Upgrades	0.100			Replacement AV displays throughout the estate with modern equipment such as LCD Panel and associated connections
	Fire Service – ICT Infrastructure Refresh	0.160			NFRS server infrastructure refresh, to bring up to date and integrate NFRS ICT with NCC IMT
	Fire Service – Device Refresh	0.376			Hardware and operating system refresh to bring Fire ICT systems, including 450 devices, up to NCC standards.

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Service	New capital project / programme	2020-21	2021-22	2022-23+	Additional information
		£m	£m	£m	
	Fire Service – Command and Control contributions	0.054		0.155	Capital contribution towards collaborative arrangement with Hertfordshire, Humberside and Lincolnshire Fire and Rescue Services to deliver Control Room solutions
	Fire Service – Mobile Device on Fire Engine	0.262			Provision of 68 mobile devices (laptop or tablet) for use on Fire Engines to provide communications, data capture, incident command and information access.
	Fire Service – Fireground Radios	0.090			Digital upgrade to NFRS radios, plus replacement batteries, plus select deployment of Intrinsically Safe radios to allow working in hazardous areas.
- Finance	Social Infrastructure Fund	1.000	1.000	1.000	A fund available to support major VCSE capital projects across the County, subject to Cabinet approval, funding availability and proposals meeting bidding criteria.
	Capital programme management	0.300	0.300	0.300	The Council spends over £150m each year on its capital programme. Included in this cost can be staff time where it relates to specific projects and assets. This budget represents the cost of a number of staff providing support and advice to various elements of the capital programme.
	Farms - major projects	2.959	1.284	-	Farms major capital maintenance projects. Capital maintenance of the Council's farms estate is funded through current and future farms capital receipts.
	Farms capital maintenance	0.600	0.600	0.600	An indicative allowance of £0.600m has been added to programme to provide a budget for minor items and unforeseen expenditure.
Finance- reduction	Loan facility re Herondale, no longer required	-6.000			Loan facility previously approved, future year's element, no longer required.
	Total Finance and Commercial Services	13.000	7.126	3.138	
Strategy and Governance					
	nplaw case management	0.100	0.050	0.350	Replacement case management IT system for nplaw, including setup and 10 year licence.

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Service	New capital project / programme	2020-21	2021-22	2022-23+	Additional information
		£m	£m	£m	
	Total Strategy and Governance	0.100	0.050	0.350	
	Total proposed new bids	21.497	15.056	9.358	



Treasury Management Strategy

including

Minimum Revenue Provision Policy Statement and
Annual Investment Strategy

2020-21

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1 Introduction

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Revised reporting has been required from the 2019-20 reporting cycle due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes included the introduction of a capital strategy to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The capital strategy is reported separately and includes elements of the Council's investment strategy insofar as they relate to capital expenditure.

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1.2 Reporting requirements

1.2.1 Capital Strategy

The CIPFA revised 2017 Prudential and Treasury Management Codes require, all local authorities to prepare a capital strategy report, which will provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability.

The aim of the capital strategy is to ensure that all elected members understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

The authority may borrow money for any purpose relevant to its function or for the purposes of the prudent management of its financial affairs. More specifically, the Council has the power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or right) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions. (Ref Local Government Acts 2003 s 1 and 1972 s 111(1)).

The capital strategy is reported separately from this Treasury Management Strategy Statement. Non-treasury investments including loans to companies are reported through the capital strategy and finance monitoring report, with summary information included in Treasury Management reports. This is to ensure separation of the core treasury function under security, liquidity and yield principles, and other investments, including loans to subsidiary and other companies which are usually driven by expenditure on assets for service delivery and related purposes.

Depending on the nature of any particular project, the capital strategy will cover:

- corporate governance arrangements;
- service objectives;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- For non-loan type investments, the cost against the current market value;
- The risks associated with activities and/or the ways in which risks have been mitigated.

Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

MHCLG statutory guidance, supported by CIPFA codes, states that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. Where the Council has borrowed to fund any commercial investment, it should explain why borrowing was required and why the MHCLG Investment Guidance and the CIPFA Prudential Code have not been adhered to. Norfolk County Council does not hold any non-treasury and/or non-financial investments which are designed purely to generate a financial return: all non-treasury investments, for,

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example loans to subsidiaries and companies for Norfolk based projects and/or to support subsidiary companies fund their capital investment plans, and all have been approved as part of the capital strategy and programme.

To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown in this report.

1.2.2 Treasury Management reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals:

- a. Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
 - the capital plans (including prudential indicators);
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
 - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an investment strategy, (the parameters on how investments are to be managed).
- b. A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- c. An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Council's Treasury Management Panel and Cabinet.

Scheme of Delegation

A summary of the Treasury Management Scheme of Delegation is at Appendix 8, with the Treasury Management role of the Section 151 Officer at Appendix 9.

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1.3 Treasury Management Strategy for 2020-21

The strategy covers two main areas:

Capital issues

- capital expenditure plans and the associated prudential indicators;
- minimum revenue provision (MRP) policy (paragraph 2.4 and Appendix 1).

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training has been provided to members at the December 2019 Treasury Management Panel, and further training will be arranged as required.

The training needs of treasury management officers are reviewed as part of the annual performance review process.

1.5 Treasury management consultants

The Council uses Link Asset Services, Treasury Solutions as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the organisation and that undue reliance should not be placed upon the services of our external service providers, using other information where available and relevant.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. Through a competitive tender in 2019, the Council has ensured that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subject to regular review.

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2 The Capital Prudential Indicators 2020-21 – 2022-23

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

Members are asked to approve the capital expenditure forecasts:

Capital expenditure £m	2018-19 Actual	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate
Services	154.465	259.429	279.147	178.311	81.882
Capital loans to group and other companies	2.132	15.500	4.000	0.000	0.000
Infrastructure loans to third parties	1.951	13.739	0.000	0.000	0.000
Total	158.548	288.668	283.147	178.311	81.882

Other long-term liabilities - The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding/borrowing need.

Financing of capital expenditure £m	2018-19 Actual	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate
Capital grants	105.453	157.446	124.893	53.434	16.289
Revenue and reserves	1.923	0.155	-	-	-
Capital receipts	6.840	-	-	-	-
Prudential borrowing	44.332	131.067	158.254	124.877	65.593
Capital programme	158.548	288.668	283.147	178.311	81.882
Estimated slippage		(80.000)	(35.000)	(30.000)	30.000
Cumulative slippage		(80.000)	(115.000)	(145.000)	(115.000)
Borrowing after slippage	44.332	51.067	123.254	94.877	95.593
Net financing need for the year	158.548	208.668	248.147	148.311	111.882

Slippage has been incorporated into the calculations in line with historic patterns of capital spend. Although members approve capital programmes based on annual expenditure, it is not uncommon for projects to be delayed due to, for example, planning issues. In addition, where grants become available, these will be used ahead of borrowing to fund projects.

To better reflect actual likely expenditure, and to help avoid the risk of borrowing in advance of need, an adjustment for slippage has been incorporated into the calculations shown in this strategy.

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2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure shown in paragraph 2.1 above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI, PPP lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £64m of such schemes within the CFR.

The Council is asked to approve the CFR projections below:

£m	2018-19 Actual	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate
Capital Financing Requirement					
Opening CFR	738.008	777.846	824.413	937.667	1,004.544
Net financing need for the year (above)	44.332	51.067	123.254	94.877	95.593
Less MRP and other financing movements	(4.494)	(4.500)	(10.000)	(28.000)	(31.000)
Movement in CFR	39.838	46.567	113.254	66.877	64.593
Closing CFR	777.846	824.413	937.667	1,004.544	1,069.137

A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position.

The capital expenditure figures shown in 2.1 and the details above demonstrate the scope of this activity and, by approving these figures, consider the scale proportionate to the Authority's remaining activity.

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2.3 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources £m	2018-19 Actual	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate
Opening investments	87.629	105.000	126.033	82.779	47.902
Net (use) of reserves, capital grants, working capital etc.	(38.297)	(15.000)	0.000	0.000	0.000
Capital expenditure funded through prudential borrowing	(44.332)	(51.067)	(123.254)	(94.877)	(95.593)
New Borrowing	100.000	87.100	80.000	60.000	60.000
Closing investments	105.000	126.033	82.779	47.902	12.309

Note: the net use of working capital in 2018-19 included the effect of a pension fund pre-payment made in November 2018.

2.4 Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

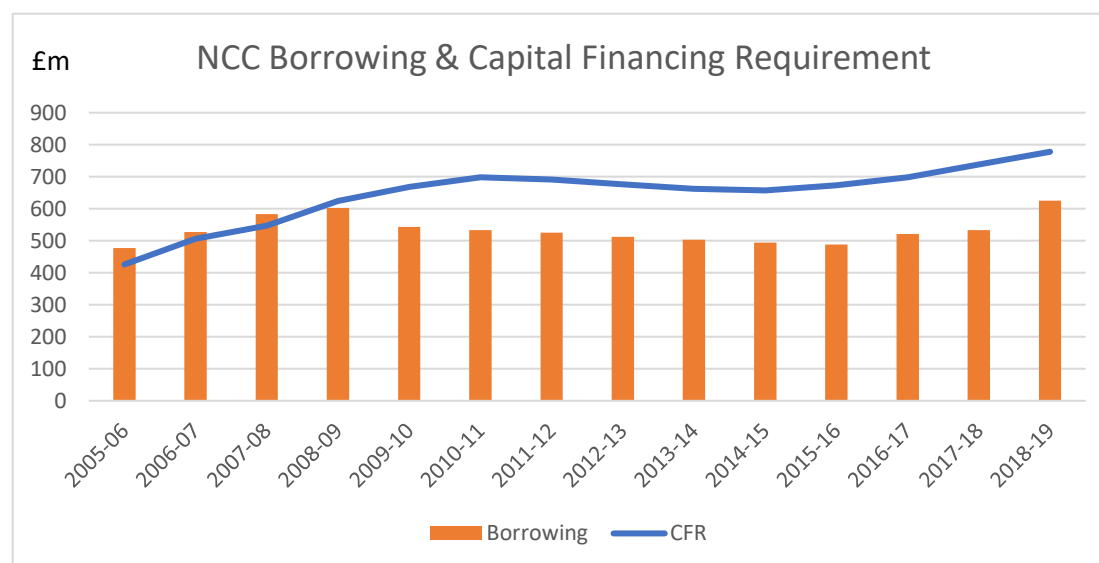
MHCLG regulations have been issued which require the full Council to approve an **MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council's MRP Statement has been updated to better explain our use of the previous over-provision of MRP, including the amount brought forward into 2019-20, and also to refer to right-of-use assets which will result from the impact of IFRS16 which will affect the Council's accounts in 2020-21.

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3 Borrowing

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

The table below summarises the Council's historic capital financing requirement and borrowing:



3.1 Current portfolio position

The overall treasury management portfolio as at 31 March 2019 and for November 2019 is shown below for both borrowing and investments.

	31 March 2019 £m	30 November 2019 £m
Treasury Investments		
Banks	60.0	100.7
Local authority companies	4.5	3.5
Money Market funds	53.4	80.0
	107.9	184.2
Treasury external borrowing		
PWLB	583.2	663.9
Commercial (including LOBOs)	42.2	42.2
	625.4	706.1
Net-treasury borrowing	517.5	521.9

Note: the 31 March column above can be reconciled to the Council's Statement of Accounts by adjusting for uncleared BACS payments on balances, and accrued interest on loans.

At the end of November 2019, the bank deposits were with Barclays, Lloyds and Goldman Sachs International Bank, and the Money Market Funds with Aberdeen and

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Standard Life.

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The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	2018-19 Actual	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate
External Debt					
Debt at 1 April	533.312	625.417	705.646	781.786	827.662
Expected change in Debt - repayments	(7.895)	(6.871)	(3.860)	(14.124)	(17.628)
Expected change in Debt – new borrowing	100.000	87.100	80.000	60.000	60.000
Debt at 31 March	625.417	705.646	781.786	827.662	870.034
Other long-term liabilities (OLTL) 1 April	68.428	66.226	64.026	72.335	70.130
Expected change in OLTL	(2.202)	(2.200)	8.309	(2.205)	(3.566)
OLTL forecast	66.226	64.026	72.335	70.130	66.564
Gross debt at 31 March	691.643	769.672	854.121	897.792	936.598
The Capital Financing Requirement	777.846	824.413	937.667	1,004.544	1,069.137
Under / (over) borrowing	86.203	54.741	83.546	106.752	132.539

Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020-21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Executive Director of Finance and Commercial Services reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational boundary £m	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate
Debt	760.387	865.332	934.414	1,002.573
Other long-term liabilities	64.026	72.335	70.130	66.564
Total	824.413	937.667	1,004.544	1,069.137

The authorised limit for external debt. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by

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the full Council. It reflects the level of external debt which reflects the total approved capital expenditure, plus an allowance for schemes which may be approved in-year:

1. This is the statutory limit determined under section 3(1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

Authorised limit £m	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate
Debt	878.406	988.598	1,061.135	1,132.702
Other long-term liabilities	70.429	79.569	77.143	73.220
Total	948.835	1,068.167	1,138.278	1,205.922

3.3 Prospects for interest rates

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their central view.

Link Asset Services Interest Rate View														
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.60	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.20	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50vr PWLB Rate	3.10	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU. This is a major assumption and so forecasts may need to be materially reassessed in the light of events over the coming weeks or months.

Investment and borrowing rates

- Investment returns are likely to remain low during 2020-21 with little increase in the following two years. However, if major progress is made with an agreed Brexit, then there is upside potential for earnings.
- PWLB borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps (1%) on 9 October 2019 (see below).
- The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management.
- While this authority will not be able to avoid borrowing to finance new capital expenditure, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new short or medium-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a higher revenue cost.

PWLB rates / alternative source of borrowing

- During the first half of 2019-20 to 30 September, gilt yields plunged and caused a near halving of longer term PWLB rates to completely unprecedented historic low levels.
- Following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will need to be given to sourcing funding at potentially cheaper rates from the following:
 - Local authorities (primarily shorter dated maturities)
 - Financial institutions (primarily insurance companies and pension funds but also some banks, based on spot or forward dates)
 - Municipal Bonds Agency (no issuance at present but there is potential)
- The degree which any of these options prove available, appropriate and cheaper than the PWLB Certainty Rate is still evolving at the time of writing and our advisors will keep us informed.

3.4 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement “CFR”), has not been fully funded with loan debt as cash supporting the Council’s reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Interest rate exposure on borrowing is currently managed by borrowing in tranches which roughly match the increase in the Council’s CFR over time. This takes advantage of historically low interest rates currently available, but takes into account the revenue cost of carry of unnecessary borrowing.

Against this background and the risks within the economic forecast, caution will be adopted with the 2020-21 treasury operations. The Executive Director of Finance and Commercial Services will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates*, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long-term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast*, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn in regular tranches whilst interest rates are lower than they are projected to be in the next few years.

Any decisions will be reported to Cabinet at the next available opportunity.

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3.5 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.6 Debt rescheduling

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 1% increase in PWLB rates in October 2019 only applied to new borrowing rates and not to premature debt repayment rates. This has in effect kept redemptions terms the same but increasing replacement costs to the extent that there is no financial benefit in rescheduling debt at present.

The portfolio will continue to be kept under review for opportunities and if circumstances change, any rescheduling will be reported to Cabinet at the earliest opportunity.

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4 Annual investment strategy

4.1 Investment policy – management of risk

The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This section deals solely with financial investments as managed by the treasury management team. Non-financial investments, including loans made for capital purposes, are covered in the Capital Strategy.

The Council’s investment policy has regard to the following: -

- MHCLG’s Guidance on Local Government Investments (“the Guidance”)
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)
- CIPFA Treasury Management Guidance Notes 2018

The Council’s investment priorities will be security first, portfolio liquidity second and then yield.

The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

1. Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings. A comparative analysis of ratings from different agencies is shown as Appendix 2, and an indicative list of approved counterparties as Appendix 3.
2. Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.
3. **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use including ‘specified’ and ‘non-specified’ investments.
 - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
 - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

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5. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in Appendix 4.
6. This authority will set a limit for the amount of its investments which are invested for **longer than 365 days**, (see paragraph 4.4).
7. The Council will only use non-UK banks from countries with a minimum sovereign rating of AA+ (Appendix 7). The sovereign rating of AA+ must be assigned by one of the three credit rating agencies. No more than £30m will be placed with any individual non-UK country at any time.
8. This authority has engaged **external consultants**, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
9. All cash invested by the County Council will be either Sterling or Euro deposits (including Sterling certificates of deposit) or Sterling Treasury Bills invested with banks and other institutions in accordance with the Approved Authorised Counterparty List. The inclusion of Euro deposits enables the County Council to effectively manage (subject to European Central Bank deposit rates) Euro cash balances held for schemes such as the France-Channel-England Project.
10. As a result of the change in accounting standards for 2018-19 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund.
11. In November 2018, the Ministry of Housing, Communities and Local Government ("MHCLG"), concluded a consultation for a temporary IFRS9 override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years to 31 March 2023. At the time of writing the Council has no pooled investments.

This authority will pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

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4.2 Creditworthiness policy

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Executive Director of Finance and Commercial Services will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by Link Asset Services, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list.

Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing.

The criteria for providing a pool of high-quality investment counterparties, (both specified and non-specified investments) is:

- **Banks:**

- (i) **UK Banks** requires both the short and long term ratings issued by at least one of the three rating agencies (Fitch, S&P or Moody's) to remain at or above the minimum credit rating criteria.

UK Banks	Fitch	Standard & Poors	Moody's
Short Term Ratings	F1	A-1	P-1
Long Term Ratings	A-	A-	A3

- (ii) **Non-UK Banks** requires both the short and long term ratings issued by at least one of the three rating agencies (Fitch, S&P or Moody's) to remain at or above the minimum credit rating criteria and a sovereign rating of AA+ assigned by one of the three credit rating agencies.

Non-UK Banks	Fitch	Standard & Poors	Moody's
Short Term Ratings	F1+	A-1+	P-1
Long Term Ratings	AA-	AA-	Aa3

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- **Part Nationalised UK Bank:** Royal Bank of Scotland Group. This bank is included while it continues to be part nationalised or it meets the ratings for UK Banks above.
- **The County Council's Corporate Banker:** if the rating for the Council's corporate banker (currently Barclays) falls below the above criteria, sufficient balances will be retained to fulfil transactional requirements. Other than this, balances will be minimised in both monetary size and time invested.
- **Building Societies:** The County Council will use Building Societies which meet the ratings for UK Banks outlined above.
- **Money Market Funds (MMFs):** which are rated AAA by at least two of the three major rating agencies. MMF's are 'pooled funds' investing in high-quality, high-liquidity, short-term securities such as treasury bills, repurchase agreements and certificate of deposits. Funds offer a high degree of counterparty diversification that include both UK and Overseas Banks. Following money market reforms, MMFs will be allocated to sub-categories (CNAV, LNAV and VNAV) to meet more stringent liquidity regulations. However, the Council will continue to apply the same minimum rating criteria.
- **UK Government:** including the Debt Management Account Deposit Facility & Sterling Treasury Bills. Sterling Treasury Bills are short-term (up to six months) 'paper' issued by the UK Government. In the same way that the Government issues Gilts to meet long term funding requirements, Treasury Bills are used by Government to meet short term revenue obligations. They have the security of being issued by the UK Government.
- **Local Authorities, Parish Councils etc.:** Includes those in England and Wales (as defined in Section 23 of the Local Government Act 2003) or a similar body in Scotland or Northern Ireland.
- **Wholly owned companies: The Norse Group, Hethel Innovation Limited and Repton Property Developments Limited, Independence Matters CIC, NCC Nurseries Limited, NCC HH Limited:** short-term loan arrangements made in accordance with approved service level agreements and the monetary and duration limits detailed below in Appendix 4.
- **Property funds (where not classed as capital expenditure):** these are long term, and relatively illiquid funds, expected to yield both rental income and capital gains. The use of certain property funds can be deemed capital expenditure, and as such would be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using. Appropriate due diligence will also be undertaken before investment of this type is undertaken.
- **Ultra-Short Dated Bond Funds** will use funds that are AAA rated and only after due diligence has been undertaken.
- **Corporate Bonds:** These are bonds issued by companies to raise long term funding other than via issuing equity. Investing in corporate bonds offers a fixed stream of income, paid at half yearly intervals. Appropriate due diligence will also be undertaken before investment of this type is undertaken.
- **Corporate bond funds:** Pooled funds investing in a diversified portfolio of corporate bonds, so provide an alternative to investing directly in individual corporate bonds. Minimum long-term rating of A- to be used consistent with criteria for UK banks.

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Appropriate due diligence will also be undertaken before investment of this type is undertaken.

- **UK Government Gilt funds:** A gilt is a UK Government liability in sterling, issued by HM Treasury and listed on the London Stock Exchange. They can be either “conventional” or index linked. Using a fund can mitigate some of the risk of potential large movements in value.

Use of additional information other than credit ratings. Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating Watches/Outlooks) will be applied to compare the relative security of differing investment counterparties.

Time and monetary limits applying to investments. The time and monetary limits for institutions on the Council’s counterparty list are set out in Appendix 4. The proposed criteria for specified and non-specified investments are shown in Appendix 6.

UK banks – ring fencing

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), have been required, by UK law, to separate core retail banking services from their investment and international banking activities since 1st January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

4.3 Other limits

Due care will be taken to consider the exposure of the Council’s total investment portfolio to non-specified investments, countries, groups and sectors.

- a) **Non-specified investment limit.** The Council has set limits for non-specified investments in accordance with the criteria set out in Appendix 6. For example, they are bound by the limits for investments set out in Appendix 4 and the upper limit for principal sums invested for longer than 365 days shown in paragraph 4.4. This

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ensures that non-specified investments are only made within appropriate quality and monetary limits.

- b) **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA-.
- c) **Other limits.** In addition:
 - no more than £30m will be placed with any non-UK country at any time;
 - limits in place above will apply to a group of companies.

4.4 Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment returns expectations.

Bank Rate is forecast to increase steadily but slowly over the next few years to reach 1.00% by quarter 1 2023. Bank Rate forecasts for financial year ends (March) are:

- Q1 2020-21 0.75%
- Q1 2021-22 1.00%
- Q1 2022-23 1.00%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

2019/20	0.75%
2020/21	0.75%
2021/22	1.00%
2022/23	1.25%
2023/24	1.50%
2024/25	1.75%
Later years	2.25%

- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal is agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

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Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the following treasury indicator and limit:

Upper limit for principal sums invested for longer than 365 days			
£m	2020-21	2021-22	2022-23
Principal sums invested for longer than 365 days	£100m	£100m	£100m
Current investments >365 days as at 30 November 2019	-	-	-

For its cash flow generated balances, the Council uses notice accounts, money market funds and short-dated deposits, (overnight to 100 days) in order to benefit from the compounding of interest whilst maintaining adequate liquidity.

4.5 Investment risk benchmarking

This Council will use an investment benchmark to assess the investment performance of its investment portfolio of 7 day, 3, 6 and 12 month London Interbank Bid Rate (LIBID).

The most appropriate comparator at any point will depend on levels of cash balances and immediate liquidity requirements during the year.

4.6 Non-treasury investments

Although this section of the report does not specifically cover non-treasury investments, a summary of non-treasury loans is included at Appendix 10. This appendix shows that the impact of these loans on the Council's revenue budget is not material in comparison to its turnover.

4.7 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Outturn Report.

5 Appendices

Appendix 1 - Minimum Revenue Provision Statement

Appendix 2 - Ratings comparative analysis

Appendix 3 - Indicative List of Approved Counterparties for Lending

Appendix 4: Time and monetary limits applying to investments

Appendix 5: The Capital and Treasury Prudential Indicators

Appendix 6: Credit and counterparty risk management

Appendix 7: Approved Countries for Investments

Appendix 8: Treasury Management Scheme of Delegation

Appendix 9: The Treasury Management Role of the Section 151 Officer

Appendix 10: Non-treasury investments

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Appendix 1 - Minimum Revenue Provision Statement 2020-21

- A1 Regulations issued by the Department of Communities and Local Government in 2008 require the Council to approve a Minimum Revenue Provision (MRP) statement in advance of each year.
- A2 Members are asked to approve the MRP statement annually to confirm that the means by which the Council plans to provide for repayment of debt are satisfactory. Any revisions to the original statement must also be issued. Proposals to vary the terms of the original statement during the year should also be approved.
- A3 MRP is the provision made in the Council's revenue budget for the repayment of borrowing used to fund capital expenditure - the Council has a statutory duty to determine an amount of MRP which it considers to be prudent, having regard to guidance issued by the Secretary of State.
- A4 In 2020-21:
- For capital expenditure incurred before 1 April 2007 which is supported by Formula Grant (supported borrowing), the MRP policy will be to provide the amount to set aside calculated in equal instalments over 50 years.
 - For all capital expenditure since that date which is supported by Formula Grant (supported borrowing), the MRP policy will be to provide the amount to set aside calculated in equal instalments over 50 years from the year set aside is first due.
 - In calculating the amounts on which set aside is to be made pre 1 April 2007 Adjustment A will be applied.
 - Any charges made over the statutory minimum revenue provision, voluntary revenue provision or overpayments can, if needed, be reclaimed in future years if deemed necessary or prudent, and cumulative overpayments disclosed. At 31 March 2019 the cumulative amount over-provided was £32.041m. The over-provision will be released in a phased manner until 2021-22, to the extent that it has not been fully used.
 - For expenditure since 1 April 2008, the MRP policy for schemes funded through borrowing will be to base the minimum provision on the estimated life of the assets in accordance with the guidance issued by the Secretary of State.
 - Re-payments included in annual PFI and finance lease/right of use asset arrangements are applied as MRP.
 - Having identified the total amount to be set aside for previously unfunded capital expenditure the Council will then decide how much of that to fund from capital resources with the residual amount being the MRP for that year.
- A5 Where loans are made to third parties for capital purposes, the capital receipt received as a result of each repayment of principal, under the terms of the loan, will be set aside in order to re-pay NCC borrowing and to reduce the Capital Financing Requirement accordingly. MRP will only be accounted for if an accounting provision has been made for non-repayment of the loan or if there is a high degree of uncertainty regarding the repayment. This arrangement will also be applied where a third party has committed to underwrite the debt costs of a specific project through amounts reserved for capital purposes.
- A6 The Council will continue to make provision at least equal to the amount required to ensure that each debt maturity is met.

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Appendix 2 - Ratings comparative analysis

Moody's		S&P		Fitch		
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	
Aaa	P-1	AAA	A-1+	AAA	F1+	Prime
Aa1		AA+		AA+		High grade
Aa2		AA		AA		
Aa3		AA-		AA-		
A1		A+	A-1	A+	F1	Upper medium grade
A2	P-2	A		A		
A3		A-	A-2	A-	F2	Lower medium grade
Baa1	P-3	BBB+		BBB+		
Baa2		BBB	A-3	BBB	F3	Lower medium grade
Baa3		BBB-		BBB-		
Ba1	Not prime	BB+	B	BB+	B	Non-investment grade speculative
Ba2		BB		BB		
Ba3		BB-		BB-		Highly speculative
B1		B+		B+		
B2		B		B		
B3		B-		B-		
Caa1		CCC+	C	CCC	C	Substantial risks
Caa2		CCC				Extremely speculative
Caa3		CCC-				In default with little prospect for recovery
Ca		CC				
		C				
C		D	/	DDD	/	In default
/				DD		
/				D		

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Appendix 3 - Indicative List of Approved Counterparties for Lending

UK Banks

Barclays Bank	Santander UK
Bank of Scotland Plc (*)	Lloyds TSB Bank (*)
Close Brothers	HSBC Bank Group
Goldman Sachs	

Non-UK Banks

Australia:

Australia & New Zealand Banking Group
Commonwealth Bank of Australia
National Australia Bank Limited

Canada:

Toronto-Dominion Bank

Germany:

DZ Bank AG
Landesbank Baden-Wuerttemberg
Landesbank Hessen-Thueringen Girozentrale

Netherlands:

Rabobank

Singapore:

DBS Bank Ltd
Oversea-Chinese Banking Corp
United Overseas Bank Limited

Sweden:

Svenska Handelsbanken

Part Nationalised UK Banks

Royal Bank of Scotland(#)	National Westminster(#)
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UK Building Societies

Coventry BS	Nationwide BS
Leeds BS	Yorkshire BS

Money Market Funds

Aberdeen Standard Investments
Federated Investors

UK Government

Debt Management Account Deposit Facility
Sterling Treasury Bills
Local Authorities, Parish Councils

Other – Group companies (non-capital)

The Norse Group	Independence Matters CIC
Hethel Innovation Limited	NCC Nurseries Limited
Repton Property Developments	NCC HH Limited

Note: (*) (#) A 'Group Limit is operated whereby the collective investment exposure of individual banks within the same banking group is restricted to a group total.

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Appendix 4: Time and monetary limits applying to investments

The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified investments):

COUNTERPARTY	NCC LENDING LIMIT (£m)	OTHER BODIES LENDING LIMIT (£m)	TIME LIMIT
UK Banks	£60m	£30m	Up to 3 Years (see notes below)
Non-UK Banks	£30m	£20m	1 Year
Royal Bank of Scotland / Nat. West. Group	£60m	£30m	2 Years
Building Societies	£30m	£20m	1 Year
MMFs - CNAV	£60m (per Fund)	£30m (per Fund)	Instant Access
MMFs - LNAV			Instant Access
MMFs - VNAV			Instant Access
Debt Management Account Deposit Facility	Unlimited	Unlimited	6 Months (being max period available)
Sterling Treasury Bills	Unlimited	Unlimited	6 Months (being max period available)
Local Authorities	Unlimited (individual authority limit £20m)	Unlimited (individual authority limit £10m)	3 Years
The Norse Group	£15m	Nil	1 Year
Hethel Innovation Limited	£0.5m	Nil	1 Year
Repton Property Developments Limited	£1.0m	Nil	1 Year
Independence Matters CIC	£1.0m	Nil	1 Year
NCC Nurseries Limited	£0.250m	Nil	1 Year
NCC HH Limited	£0.250m	Nil	1 Year
Property Funds	£10m in total	Nil	Not fixed
Ultra short dated bond funds	£5m in total	Nil	3 years
Corporate bonds	£5m in total	Nil	3 years
Corporate bond funds	£5m in total	Nil	3 years
UK Government Gilts / Gilt Funds	£5m in total	Nil	3 years

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Notes:

- In addition to individual institutional lending limits, 'Group Limits' are used whereby the collective investment exposure of individual banks within the same banking group is restricted to a group total lending limit. For example, in the case of Lloyds TSB and Bank of Scotland, the group lending limit for the Lloyds Banking Group is £60M.
- The maximum deposit period for UK Banks is based on the following tiered credit rating structure:

Long Term Credit Rating (Fitch or equivalent) assigned by at least one of the three credit rating agencies	Maximum Duration
AA-	Up to 3 years
A	Up to 2 years
A-	Up to 1 year

Deposits may be placed with the Royal Bank of Scotland as a UK Part Nationalised Bank and Local Authorities may be made for periods of 2 and 3 years respectively.

- The Council will only use non-UK banks from countries with a minimum sovereign rating of AA+ The sovereign rating of AA+ must be assigned by one of the three credit rating agencies. No more than £30m will be placed with any individual non-UK country at any time. Approved countries for investments are shown at Appendix 7.
- For monies invested on behalf of the Norse Group, Independence Matters and Norfolk Pension Fund there is a maximum monetary limit of £10m per counterparty. Operationally funds are diversified further as agreed with the individual bodies.
- Long-term loans to the Norse Group and other subsidiary companies are approved as part of the Council's capital programme.
- The use of property funds, bonds and bond funds, gilts and gilt funds will be subject to appropriate due diligence.
- Certain property funds may be classed as a capital investment. If this is the case then they will be approved via the capital programme. If the fund is classed as revenue, then the IFRS 9 implications will be fully considered: unless the DCLG specifies otherwise, any surpluses or losses will become chargeable to the Council's general fund on an annual basis.

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Appendix 5: The Capital and Treasury Prudential Indicators

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital expenditure £m	2018-19 Actual	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate
Adult Social Care	31.289	84.467	14.726	4.500	20.000
Children's Services	11.927	14.103	84.477	71.643	22.050
CES Highways	81.954	105.888	86.280	52.246	33.380
CES Other	15.499	30.466	41.129	14.876	1.729
Finance and Comm. Servs	17.879	53.744	56.435	34.996	4.373
Strategy and Governance			0.100	0.050	0.350
Total	158.548	288.668	283.147	178.311	81.882
Loans to companies included in Finance and Comm Servs above	2.132	15.500	4.000	0.000	0.000
GNGB supported borrowing to developers	1.951	13.739	0.000	0.000	0.000
<i>Loans as a percentage</i>	<i>3%</i>	<i>10%</i>	<i>1%</i>	<i>0%</i>	<i>0%</i>

Non-treasury investments – proportionality

The table above demonstrates that loans to companies and developers, as a percentage of all capital expenditure, are a relatively low proportion and therefore do not present undue risk in the context of the programme overall.

Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

%	2018-19 Actual	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate
Financing costs (net)	31.419	33.497	41.013	59.013	62.013
Net revenue costs	649.125	675.487	707.146	722.973	737.466
Percentage	4.8%	5.0%	5.8%	8.2%	8.4%

The estimates of financing costs include current commitments and budget proposals. The % increase between 2019-20 and 2021-22 represents MRP previously overpaid being fully used in 2020-21.

The Prudential Code 2013 acknowledged that the "Financing Costs to Net Revenue Stream" indicator may be more problematic for some authorities regarding the level of government support for capital spends. In these instances, it is suggested that a narrative explaining the indicator may be helpful. At this stage, it is considered that the table above does provide useful information.

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Maturity structure of borrowing

Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

Maturity structure of fixed interest rate borrowing 2020-21		
	Lower	Upper
Under 12 months	0%	10%
12 months to 2 years	0%	10%
2 years to 5 years	0%	10%
5 years to 10 years	0%	20%
10 years to 20 years	10%	30%
20 years to 30 years	10%	30%
30 years to 40 years	10%	30%
40 years to 50 years	10%	40%
Maturity structure of variable interest rate borrowing 2020-21		
	Lower	Upper
Under 12 months	0%	10%
12 months to 2 years	0%	10%
2 years to 5 years	0%	10%
5 years to 10 years	0%	10%
10 years to 20 years	0%	10%
20 years to 30 years	0%	10%
30 years to 40 years	0%	10%
40 years to 50 years	0%	10%

The percentages shown in the table above are proportions of total borrowing.

Control of interest rate exposure: The above table, combined with an explanation in paragraph 3.2 and the limits described in Appendices 3 and 4 indicate how the authority manages its interest rate exposure.

Appendix 6: Credit and counterparty risk management

The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council has adopted the Code and will apply its principles to all investment activity. In accordance with the Code, the Executive Director of Finance and Commercial Services has produced its treasury management practices (TMPs). This part, covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

Strategy guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, housing association, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.
5. A body that is considered of a high credit quality (such as a bank or building society).

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are shown in detail in Appendix 4.

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Non-specified investments –are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

	Non Specified Investment Category	Limit (£ or %)
a.	<p>Supranational bonds greater than 1 year to maturity</p> <p>(a) Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Reconstruction and Development Bank etc.).</p> <p>(b) A financial institution that is guaranteed by the United Kingdom Government (e.g. National Rail, the Guaranteed Export Finance Company {GEFCO})</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	Not currently included as approved investment
b.	<p>Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	Ref Appendix 4
c.	<p>The Council's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.</p>	Ref Appendix 4
d.	<p>Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings.</p>	Not currently included as approved investment
e.	<p>Any bank or building society that meets minimum long-term credit ratings, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).</p>	Ref Appendix 4
f.	<p>Share capital in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. This Authority would seek further advice on the appropriateness and associated risks with investments in these categories.</p>	Not currently included as approved treasury investment.
g.	<p>Loan capital in a body corporate. The use of these loans to subsidiaries and other companies will normally be deemed to be capital expenditure. However, working capital loans are dealt with under Treasury Management arrangements. This Authority would seek further advice on the appropriateness and associated risks with investments in these categories.</p>	Ref Appendix 4
h.	<p>Bond funds. These are specialist products, and the Authority will seek guidance on the status of any fund it may consider using.</p>	Ref Appendix 4

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i.	Property funds – The use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using.	Ref Appendix 4
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The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Executive Director of Finance and Commercial Services, and if required new counterparties which meet the criteria will be added to the list.

Use of external fund managers – at the time of writing the Council does not use or plan to use external fund managers.

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Appendix 7: Approved Countries for Investments

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- Hong Kong
- U.K.

AA-

- Belgium
- Qatar

Appendix 8: Treasury Management Scheme of Delegation

(i) Full Council

- approve the Policy Framework and the strategies and policies that sit within it (Source: Council constitution);
- Note: the Policy Framework includes “Annual investment and treasury management strategy”.

(ii) Cabinet member responsibilities

To collectively take executive responsibility, with particular regard to meetings of the Cabinet, for developing and proposing overall strategy, budgets and policy implementation (Source: Norfolk County Council role profiles).

(iii) Audit Committee

- Consider the effectiveness of the governance, control and risk management arrangements for Treasury Management and ensure that they meet best practice. (Source: Audit Committee Terms of Reference)

(iv) Treasury Management Panel

The Panel’s terms of reference are to:

- consider and comment on the draft Annual Investment and Treasury Strategy prior to its submission to Cabinet and full Council
- receive detailed reports on the Council’s treasury management activity, including reports on any proposed changes to the criteria for “high” credit rated institutions in which investments are made and the lending limits assigned to different counterparties
- receive presentations and reports from the Council’s Treasury Management advisers, Link Asset Services
- consider the draft Treasury Management Annual Report prior to its submission to Cabinet and full Council.

(v) Executive Director of Finance and Commercial Services

- “responsible for the proper administration of the financial affairs of the Council including ... investments, bonds, loans, guarantees, leasing, borrowing (including methods of borrowing),

(Source: Scheme of delegated powers to officers)

See Appendix 9 for detailed responsibilities.

Appendix 9: The Treasury Management Role of the Section 151 Officer

The S151 (responsible) officer is the Executive Director of Finance and Commercial Services. Responsibilities include:

Constitution – officer roles

- Have responsibility for the administration of the financial affairs of the Council and be the Section 151 Officer.
- Statutory responsibilities of the Chief Finance Officer (Section 151 officer) Budgeting and Financial Management, Exchequer Services, Pensions, Investment and Treasury Management, Risk & Insurance, Property, Audit, ICT and Procurement and Transactional Services.

Financial Regulations

- execution and administration of treasury management decisions, including decisions on borrowing, investment, financing (including leasing) and maintenance of the counter party list.
- prepare for County Council an annual strategy and plan in advance of the year, a mid-year review and an annual report.
- regularly report to the Treasury Management Panel and the Cabinet on treasury management policies, practices, activities and performance monitoring information.
- monitoring performance against prudential indicators, including reporting significant deviations to the Cabinet and County Council as appropriate.
- ensuring all borrowing and investment decisions, both long and short term, are based on cash flow monitoring and projections.
- ensuring that any leasing financing decisions are based on full options appraisal and represent best value for the County Council, in accordance with the County Council's leasing guidance.
- the provision and management of all banking services and facilities to the County Council.

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Appendix 10: Non-treasury investments

Existing non- treasury investments (loans) at 31 March 2019

	£m
NORSE Energy (capital investment)	10.000
Norse Group (capital investment)	3.236
Norse Group (Aviation Academy)	6.127
NEWS	0.530
Hethel Innovation Ltd (Hethel Engineering Centre)	5.195
Norwich Airport Radar (relocation due to NDR)	2.194
Other	0.004
LIF loans to developers in Norfolk	6.278
Total loans to companies	33.564
NDR Loan – underwritten by CIL receipts	37.167
Total long-term debtors in balance sheet	70.731

A more detailed schedule of the above loans, showing objectives and explanations of each investment are detailed in Appendix 3 to the Mid-Year Treasury Management Monitoring Report 2019-20 presented to 3 December 2019 Cabinet.

Potential future non-treasury capital investments

Non-treasury investments: The following schemes if approved will result in loans to wholly owned companies or third parties. These loans will be for capital purposes, are Norfolk based, and are designed to further the Council's objectives. None of the loans listed are purely for the purpose of income generation.

Scheme	Background	Approximate value
Loan to Housing Association to develop housing with care scheme on Council owned land.	Potential project to develop, with appropriate partners, the Council-owned Herondale site into an Extra Care scheme for the elderly.	No longer required
Capital equity in, and loans to wholly owned companies	<p>Repton Property Developments Business and Property Committee declared the land north of Norwich Road Acle surplus to County Council requirements and instructed the Head of Property to dispose of the land to Repton Property Developments Ltd.</p> <p>Other projects From time to time the Council's wholly owned companies further the Council's objectives through capital investments. This facility is included in the capital programme.</p>	£20m included in capital programme

Proportionality of non-treasury investments:

The total value of loans (including CIL supported debt) is not likely to exceed £100m. At an indicative interest rate of 4% (giving a margin of approximately 1% over current PWLB borrowing rate) this would mean interest of £4m pa. This approximates to 20% of the Council's general reserves, 1% of the Council's net expenditure and 0.3% of departmental gross expenditure. As a result, reliance on income from non-treasury is therefore considered to be proportionate and manageable.