Norfolk County Council

Corporate
Select Committee

Date: **Monday 15 November 2021**

Time: **2pm**

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

Membership:

Cllr A Birmingham
Cllr S Blundell
Cllr S Clancy
Cllr E Colman (Chair)
Cllr N Daubney
Cllr B Duffin
Cllr L Hempsall
Cllr J James
Cllr T Jermy
Cllr K Mason Billig (Vice-Chair)
Cllr B Price
Cllr V Thomson
Cllr K Vincent

Advice for members of the public:

This meeting will be held in public and in person.

It will be live streamed on YouTube and, in view of Covid-19 guidelines, we would encourage members of the public to watch remotely by clicking on the following link:
https://www.youtube.com/channel/UCdyUrFjYNPfPq5psa-LFIJA/videos?view=2&live_view=502which

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

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

Agenda

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

2. Minutes

To receive the minutes of the previous meeting held on 21 September 2021 **Page 4**

3. Members to Declare any Interests

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

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

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

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

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

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

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

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

5. Public Question Time

Fifteen minutes for questions from members of the public of which due notice has been given. Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk) by **pm Wednesday**

10 November 2021. For guidance on submitting a public question, view the Constitution at www.norfolk.gov.uk/what-we-do-and-how-we-work/councillors-meetingsdecisions-and-elections/committees-agendas-and-recent-decisions/ask-aquestion-to-a-committee

6. **Local Member Issues/Questions**
   Fifteen minutes for local member to raise issues of concern of which due notice has been given. Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk) by **5pm on Wednesday 10 November 2021.**

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

Date Agenda Published: 5 November 2021

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Norfolk County Council

Corporate Select Committee

Minutes of the Meeting Held on 13 September 2021 at
10am in Council Chamber, County Hall, Martineau Lane Norwich NR1 2DL

Present:

Cllr E Colman (Chair)
Cllr A Birmingham
Cllr B Duffin
Cllr L Hempsall
Cllr T Jermy
Cllr B Price
Cllr V Thomson

Substitute Members Present:

Cllr Philip Duigan for Cllr Jane James
Cllr Tony White for Cllr Nick Daubney

Also Present:

Cllr Andrew Jamieson	Cabinet Member for Finance
Cllr Greg Peck	Cabinet Member for Commercial Services and Asset Management
Cllr Tom Fitzpatrick	Cabinet Member for Innovation, Transformation and Performance

1 Apologies for Absence

1.1 Apologies for absence were received from Cllr Sharon Blundell, Cllr Stuart Clancy, Cllr Nick Daubney (Substituted by Cllr Tony White), Cllr Jane James (Substituted by Cllr Phillip Duigan), Cllr Kay Mason Billig and Cllr Karen Vincent.

2 **Minutes**

2.1 The minutes of the meeting held on 12 July 2021 were agreed as an accurate record and signed by the Chairman.

3 **Declarations of Interest**

3.1 There were no declarations of interest.

4 **Items of Urgent Business**

4.1 There were no items of urgent business.

The Chair took the opportunity to explain why the agenda had been curtailed for this meeting. It was thought that some items planned for the agenda would be premature to bring back at this stage and in particular the Digital Inclusion item. Cllr Fitzpatrick, Cabinet Member for Innovation, Transformation and Performance added that the Myoracle software implementation whilst progressing well, had not been fully tested yet and the go live date in November would now pass with a new date to set shortly. It is anticipated that when the item returns to the committee the report will provide details of a successful launch and implementation.

5 **Public Question Time**

5.1 There were no public questions.

6 **Local Member Issues/Questions**

6.1 There were no local Member questions.

7 **Strategic Property Asset Management Framework 2021/22 – 2026/27**

7.1 The annexed report (7) by the Executive Director of Finance and Commercial services was received, and introduced by the Cabinet Member for Commercial Services and Asset Management.

7.2 The report followed on from the small task and finish member working group which was set up at the Corporate Select Committee in January 2020 to assist officers in developing a new Strategic Property Asset Management Framework for the council. A draft framework had been produced to guide the council in the use, management and exploitation of its property portfolio and will demonstrate how the public assets held will be used to best effect to deliver the priorities and services required in a transparent way.

7.3 The following points were discussed and noted:

- The new framework and arising annual action plan would deliver and improve the performance management of the Council's assets for the benefit of service users in a timely manner.
- Assets continued to be managed for the provision of the Council's services and that when property was no longer required by a service department, early signalling of that intention had helped reduce ongoing maintenance costs and underuse before either being acquired by another service user, other public sector use or disposal.
- When assets become available, options were discussed with service departments, and the local member is informed. Careful consideration is given for its future uses by partner organisations such as District, City, Town and Parish councils or the ability for the Council to generate income from the asset. A recent example of this had seen the sale of Carrow House to Norwich City Council for their East Norwich regeneration scheme programme. Disposal of property is at best consideration, however where there are tangible economic, social well-being or environmental benefits a disposal at least than best consideration is possible.

- Work was already underway to met the Council’s net zero carbon target by 2030 and as an example of the commitment to the target, a grant of £50,000 had been obtained from Salix to increase energy efficiency of six council buildings.
- The recent building work at County Hall had included a number of energy efficient improvements through installation of retro fit insulation and LED lighting.
- The Head of Estates committed to producing a briefing pack for members on the issues and work to date concerning energy production, storage and efficiency from the Council’s land and property portfolio.
- Discussions had taken place with local bus companies to increase accessibility and connectivity and new service stops at County Hall will start on 4th October 2021, as well as connections for the Park and Ride service.
- Parking at County Hall for essential car users was included with the policy framework and the new decked car park will increase resilience for both essential users and visitors.
- Departments such as Children’s Services work very closely with the property team to ensure current and future needs are met, understood and planned in advance to maximise service delivery and asset usage.
- Zero carbon target initiatives did not always sit comfortably with rural communities and issues for rural residents, particularly with buses, for example is that through ticketing is not usually available to County Hall. The Director of Property said he would raise the issue with the bus companies in his discussion with them.
- It is preferable to produce an income from an asset rather than consider disposal as the first option. A balanced approach to the portfolio was adopted to ensure both capital revenue targets and income generation were met.
- The guiding principal of the council is to establish and maintain a property portfolio for service delivery and not to consider an investment programme of commercial assets for income generation. However, the council had invested heavily in the Operations and Maintenance campus scheme in Great Yarmouth to underpin the renewables support industry in the North Sea as well as acquisitions within the County Farms portfolio where constant updating, renewing and improving had been undertaken to achieve benefits.
- It was acknowledged that the County Farms teams and tenants are embracing new technologies to help met the council’s zero carbon target and that members were encouraged to investigate these initiatives further.
- Both Hethel Innovation Limited and Scottow Enterprise Park were encouraging as many new green businesses as possible to join them on their sites to help develop the capabilities of Norfolk’s residents and businesses to achieve higher environmental outcomes through green technologies.
- Small parcels of ad hoc land owned by the council are regularly reviewed for disposal and over £1m of capital has been raised through sales in the last two years.

7.4 The committee **RESOLVED** to

- Endorse the draft Strategic Property Asset Management Framework (Appendix A)
- Recommend the draft Strategic Property Asset Management Framework (Appendix A) is developed into a final draft and submitted to Cabinet.

8. **Corporate Select Committee Forward Work Plan**

8.1 The annexed note (8) by the Executive Director of Strategy and Transformation was received and the committee noted the structure of meetings to take place.

Meeting Ended 10.56am

Corporate Select Committee

Item No:7

Report Title: Digital Inclusion Strategy

Date of Meeting: 15 November 2021

Responsible Cabinet Member: Cllr Margaret Dewsbury (Cabinet Member for Communities & Partnerships)
Cllr Tom FitzPatrick (Cabinet Member for Innovation, Transformation and Performance)

Responsible Director: Tom McCabe (Executive Director, Community and Environmental Services)
Simon George (Executive Director, Finance & Commercial Services)

Executive Summary

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

In July 2021 a proposal for a revised direction of travel for digital inclusion came to this Committee with a commitment to return in the Autumn with a refreshed strategy: A short presentation accompanies this paper.

The digital landscape is changing so rapidly that this strategy and plan will need to be dynamic and continuously reviewed to continue to meet the digital inclusion needs of Norfolk residents.

Whilst nationally 1.2 million more people gained basic internet abilities during the pandemic for others it has meant they have become more isolated from everyday life with 7 million (11%) UK Adults still without basic internet skills.

Over the last 18 months NCC ramped up efforts to ensure more people were digitally included, as the pace of change rapidly increased and we recognised more people were becoming digitally excluded for a whole range of reasons. We have learned from these interventions and incorporated some of the longer term solutions in this strategy to help Norfolk residents overcome their barriers to access and become digitally included citizens.

This strategy aims to support the outcomes of “Together for Norfolk” by enabling our residents to have digital skills for work, life, engaging with their communities and accessing information and resources to thrive in today’s digital world.

Action Required

The Select Committee is asked:

1. To consider and comment on the Digital Inclusion Strategy including the strategic plan
2. To consider and comment on the proposed performance indicators

1. Background and Purpose

1.1 Building upon feedback from Corporate Select Committee on the draft proposed approach brought in July 2021, a Digital Inclusion Strategy for Norfolk has been developed

The reasons people become or continue to be digitally excluded typically fall into one or more of the following 5 categories:

1. **Cost** – people cannot afford devices and / or connectivity
2. **Skills and capability** – people cannot understand how to buy, set up or use digital devices. They also find it difficult to navigate things like broadband packages and anti-virus software.
3. **Confidence** – people are concerned about the risk of webcams and online exploitation or they think they will break or damage their device
4. **Motivation or fear** - people don’t think the digital world is for them or that it has no perceived benefits
5. **Access to services** – some people have multiple and complex barriers to access which means they need more help to enable them to become digitally included, this include certain disabilities (especially sensory and LD), literacy / language barriers or be experiencing multiple inequalities that further compound their digital exclusion.

This strategy seeks to provide the basis to embed a range of services, support offers and change programmes that support Norfolk residents to overcome these barriers to access, become digitally engaged and benefit from the opportunities associated with Digital Inclusion. Most of the proposals make the most of our existing resources, aligning them to make best use of some of the trusted pathways of support available to Norfolk residents, but making them easier to navigate, proactive and targeted at specific cohorts for maximum impact.

The strategy is designed to be placed based, maximising the combined efforts of all relevant Norfolk public, private sector and third sector organisations.

2. Proposal

2.1 A vision for digital inclusion for Norfolk is proposed as follows:

“Every Norfolk resident is provided with the appropriate digital access opportunities to meet their needs and enable them to be digitally included in all aspects of their lives”

We will deliver on this vision by focussing on the following strategic themes which we have used to identify desired outcomes and to shape the strategic plan (as detailed Appendix 1)

1. **Working in partnership to target activity and make best use of resources**
    - Strong partnerships both in Norfolk and Nationally, are in place to understand specific groups who are digitally excluded, and harness national funding into Norfolk as a system**,** including the VCSE sector and businesses.
2. **Enabling universal access to connectivity in the county**
    - Norfolk residents can access connectivity easily and confidently irrespective of their needs and barriers
3. **Supporting access to devices and equipment**
    - Norfolk residents can access the right devices to meet their needs, make informed choices and there are affordable or free devices for those who need them
4. **Increasing digital skills and confidence in key cohorts**
    - Norfolk residents are confident in their use of digital services, can stay safe online and know where to go for help
5. **Developing the skills of our staff to understand how to support residents to access and use technology to improve their lives**
    - NCC staff are digital champions who understand how to support Norfolk Residents to use technology to improve their lives, health and opportunities.

2.2 **Strategic plan**

Beneath each of the strategic themes, sits a desired outcomes statement (appendix A) and a plan of deliverables to achieve the outcomes. Some highlights are included below

- We will seek to maximise funding opportunities and inward investment to Norfolk - raising awareness of grants and schemes that aid digital inclusion and ensure that Norfolk residents benefit from national funding, either directly to the council or to our partners.
- We will create a targeted communications and engagement plan that raises awareness and motivates residents to become digitally included,

understand what is available to them and how they can access it. We will also communicate with people the ways that they can stay safe online and build confidence amongst those at risk of exclusion that there is help and support available at every step of the way

- We will provide subsidised and free connectivity through the Norfolk Assistance Scheme to provide broadband &/or mobile connectivity to those most in need, facilitating access to employment and social inclusion opportunities. This will be delivered in conjunction with the mobile network operators who are increasingly offering social tariffs and other deals.
- We will refurbish and distribute devices across the County, both NCC refreshed equipment and devices from other large public & private sector Norfolk organisations. These devices will be targeted at Schools, digitally excluded and low-income adults and VCSE organisations.
- We will implement a loan device suite that can be borrowed from Libraries and Schools, where people can borrow a device, try it, build their confidence and get early help so that they can "try before they buy" and take the risk out of accessing digital devices / services. There will be wrap-around troubleshooting support provided by our Libraries and a team of digital support volunteers.
- We will loan MiFi dongles to residents through our Library Networks and schools to enable people to test and try connectivity and build their confidence to invest in the longer term, or to use the connectivity for specific tasks such as finding a job or studying for exams.
  We will continue to work with partners to support children and young people, and where we provide free devices to Children and Young people most at risk of digital exclusion we will also provide the connectivity children need so they benefit fully from their new device.
- We will support small businesses and new start-ups to be sustainable in the digital world by providing simple to access support from the Business and Intellectual Property Centres, in Libraries and the Go Digital project

2.3 Key groups

Feedback from Corporate Select Committee highlighted that although Digital Inclusion is important for everyone, increased focus is required for priority groups who are have been disproportionately affected by the pandemic, the actions identified in this strategy will have the following outcomes in these key groups:

Older people:

- Help to get online with loan devices
- Face to face support and skills development
- Focus on carers to ensure they can easily access digital services that help them with all aspects of their caring duties, including meeting other people in similar situations and respite support.

- Highlight the positive reasons to use online services and embrace technology to maintain independence and combat loneliness.

People with acute health conditions and disabilities;

- Remove the barriers to accessing digital services with training, devices and face to face support
- Improved access to vital health and support services, reducing or delaying further support needs
- Reducing social isolation
- Ensure that accessibility is considered as standard when developing new applications or digital services
- Opportunities to trial assistive technology, guided by staff who understand the benefits and application,

Job seekers and low-income households;

- Provide training, supported devices and connectivity
- Support to find employment or career progression. Support in accessing savings opportunities and benefits such as energy switching, online shopping and education,
- Improved ability to find information and advice that supports wider life chances and wellbeing

Children and young people;

- Supported devices and connectivity to facilitate learning
- Developing the digital confidence for needed for an ever-changing workplace.
- Inspirational and engaging opportunities to interact with digital creative technologies
- The skills to access well paid careers in Norfolk

Multiple inequalities:

- Well communicated support pathways and staff champions
- Focus on people who are homeless, non-English speakers, escaping domestic abuse, or living chaotic lifestyles,
- access to devices, connectivity and learning opportunities that enable them to become digitally included and more independent

Advice and guidance to stay safe online and avoid cyber crime and scams will also be integrated into the support for all of the above groups.

3. Impact of the Proposal

3.1 The impact of the proposal will be a refreshed Digital Inclusion strategy that meets the needs of Norfolk residents. Some initial measures the are detailed within the strategic plan in Appendix 1, however we would expect to continue our analysis of key cohorts alongside our partners and become more analytical in terms of impact over time.

4. Evidence and Reasons for Decision

4.1 There is wide ranging evidence of the impacts of digital inclusion as presented to the previous Corporate Select Committee; these, including papers by a range of government bodies and organisations such as the Good Things Foundation.

4.2 It has been widely recognised that the pandemic has resulted in the digitisation of the majority of public and private services, including many health offers and those support offers provided by the VCSE sector. This further cements the need for Norfolk people to be able to access online and digital services to be able to more fully integrate and interact with the world around them.

5. Alternative Options

5.1 It could be decided to keep the existing strategy as it is and delay any refresh. The impact of this would be to have a less targeted and focussed approach to tackling digital exclusion at a time when the impacts are being even more severely felt. There is a window of opportunity for change where people can clearly see the benefits of digital inclusion and are motivated by this, and as a Council and a County we need to be in a strong position to apply for external funding to further support our digital inclusion initiatives

5.2 Digital inclusion is also a key enabler to the prevention and health inequality agendas being pursued by our NHS Integrated Care System (ICS) partners.

6. Financial Implications

6.1 None at present although the dynamic nature of this strategy may mean that further proposals for capital investment will need to be considered as more data becomes available and opportunities arise. Funding for some of the initiatives such as the library device loan offer are currently under development but will be contained withing existing budgets wherever possible.

7. Resource Implications

7.1 Staff:
N/A

7.2 Property:
N/A

7.3 IT:
As mentioned IMT will provide capacity to refresh devices as well as the devices themselves to provide to Norfolk residents.

8. Other Implications

8.1 Legal Implications:
N/A

8.2 Human Rights Implications:
N/A

8.3 Equality Impact Assessment (EqIA)
An EQIA has been completed by the Equality and Diversity team, whilst it highlights the many benefits of a digital inclusion strategy and approach it notes some key issues affecting those with protected characteristics. The proposals under the strategic plan seek to address these issues by providing consideration and additional support for those with protected characteristics that result in them being unable to access certain digital services and technology.

A copy of the EQIA is included in Appendix 2

8.4 Data Protection Impact Assessments (DPIA):
N/A

8.5 Health and Safety implications
N/A

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

8.7 Any Other Implications:
N/A

9. Risk Implications / Assessment

9.1 N/A

10. Recommendations

The Select Committee is asked to:

1. To consider and comment on the Digital Inclusion Strategy including the strategic plan
2. To consider and comment on the proposed performance indicators

11. Background Papers

11.1 Corporate Select Committee 12 July 2021 – Digital Inclusion Report (page 28) & Digital Inclusion Strategy Refresh Presentation

Officer Contact

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

Officer name: Natasha Morter
Telephone no.: 01603 306146
Email: Natasha.morter@norfolk.gov.uk

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Strategic Theme	Intervention	Measure /deliverable
Working in partnership to target activity and make best use of resources	Continue to work in **partnership across the system to identify target groups** and map county wide assets to jointly offer support. We will use this to develop a **single picture of digital exclusion for the county** – additional Experian Public Sector Mosaic analysis to provide evident base for future work	We have the ability to identify who is digitally excluded specifically – By April 2022
	Maximise funding opportunities and inward investment to Norfolk - raising awareness of grants and schemes that aid digital inclusion and ensure that Norfolk residents benefit from National funding. Nurture a collaborative approach to bidding for this funding in the County.	Increase inward investment to support digital inclusion by 25% by April 2023
	Create **clear, communicated pathways of support** that enable wider professionals and the voluntary sector to connect residents with the support offer as part of their trusted relationship (for example Midwives and health visitors and social care teams)	80% of residents report that it is simple to find the help they need by April 2023
	A **targeted communications and engagement plan** that raises awareness and motivates residents to become digitally included, understand what is available to them and how they can access it. We will also communicate with people the ways that they can stay safe online and build confidence amongst those at risk of exclusion that there is help and support available at every step of the way	Communications and engagement plan complete by April 2022
	Further enhance connectivity in Norfolk by building our strategic relationships with providers ensuring that as many residents as possible are able to access, fast, reliable and affordable broadband	96% of Norfolk residents currently have access to "superfast" or better broadband and over 70% of households take it up. We aspire to 100% availability and 100% take-up and will monitor and report on progress.

Strategic Theme	Intervention	Measure /deliverable
Enabling universal access to connectivity in the county	Will provide subsidised and free **connectivity** through the Norfolk Assistance Scheme to provide broadband &/or mobile connectivity to selected cohorts, facilitating access to **employment and social inclusion opportunities.** Furthermore we will offer **loan MiFi dongles** to residents through our Library Networks and schools to enable people to test and try connectivity and build their confidence to invest in the longer term, or to use the connectivity for specific tasks such as finding a job or studying for exams.	80% of people supported with free or subsidised connectivity report that it enabled them to find a job or improve their life chances 1000 Norfolk residents supported with free or subsidised connectivity by April 2024
	Thorough Libraries and Adult Learning we will **help residents to understand the options** available to them in terms of broadband and connectivity and what might work best for them, this will be underpinned by the option of borrowing a MiFi dongle to "try before you buy" Digital programmes of learning will include information about purchasing and understanding Broadband packages	90% of those supported tell us that they feel inspired to use technology more in their everyday lives Programmes of learning will have this embedded by Academic year 2022
	Where we provide free devices to Children and Young people most at risks of digital exclusion we will also provide **connectivity** children need so they benefit fully from their new device	All Children and young people who need it are provided with connectivity support

Strategic Theme	Intervention	Measure /deliverable
Supporting access to devices and equipment	**IMT will refurbish and distribute devices** devices across the County, both NCC refreshed equipment and devices from other large public & private sector Norfolk organisations. These devices will be targeted at Schools, digitally excluded and low income adults and VCSE organisations. Wrap around troubleshooting support will be provided by our Libraries and a team of digital support volunteers.	80% of those supported say that receiving a device has made a significant positive impact 1,000 devices provided to residents annually
	We will **implement a loan device suite that can be borrowed from Libraries and Schools,** where people can borrow a device, try it, build there confidence and get early help so that they can **"try before they buy"** and take the risk out of accessing digital devices / services.	80% of those who receive this support offer say that they have become more confident in using digital services as a result
	Libraries will provide **Assistive Tech loans**, enabling residents, carers and care providers to **test equipment** that may help them / those they care for to test and use Assistive technology and get help and advice helping people to stay independent and connected in their homes, improve wellbeing and access to services that support their wider health and care needs	80% of those provided with a Tec Lending Library device said it made a difference to their lives in terms of reducing their support needs or helping them to stay independent
	Support small businesses and new start ups to be sustainable in the digital world by providing **simple to access support from the Business and Intellectual Property Centres**, run by Libraries and wrap around training courses from Adult Learning including **social media for business and e-commerce** Further embed support for small businesses with the **Go Digital** project roll out of free business support programme for micro, small and medium sized businesses in Norfolk.	600 business supported through Go Digital
	Develop the use of **creative digital technologies** by increasing the reach and regularity of events like "Digifest" Development of creative technologies, **inspiring young people to enter into a career in digital creative industries**	Target to be defined

Strategic Theme	Intervention	Measure /deliverable
Increasing digital skills and confidence in key cohorts	**Enhance and supported digital skills learning opportunities** provided by Adult Learning, targeted at referrals from Libraries, Schools, NAS and the VCSE sector (will include implementation of a simple referral pathway for staff and the VCSE sector to get people the help they need	1000 Adult Learners supported with digital skills courses in 2 years
	Adult Learning and Libraries will continue to embed entry level and **beyond digital learning programmes**, giving people a range of opportunities to build their digital skills into their Skills and personal development journey	80% of those who received support say that it was relevant to their needs
	We will recruitment volunteers to work with residents 121 to understand barriers to access and help residents get online, answer their questions, connect them to support and be a trusted person they can go to for help	Recruit and train at least 100 volunteers by October 2023 (at least 2 per Library)
	Ensure Norfolk residents including children are able to **stay safe online** and understand how to avoid SCAMS and avoid Cyber Abuse and exploitation by working with Schools, Trading Standards, Libraries and Adult Learning and well as the VCSE sector	90% of those who receive a device take part in some form of wider skills development to stay safe online
	Continue and **build on our offer in our Libraries of a range of community approaches** to engage residents in digital services for example coding club, get online groups and friendship brokerage using online communication tools to support residents tentative steps into digital inclusion. Those who receive a loan device and connectivity will automatically receive information and advice on how to stay safe online	80% of those who attend an event say it has inspired them to learn more
	Provide support to the voluntary sector to deliver their services online, provide loan or refreshed devices to help them support their clients and enable them to benefits from NCC economies of scale in terms of licence procurement and advice	80% of relevant VCSE organisations feel they are supported by NCC to deliver their services online
	Ensure that **our digital web content is accessible** regardless of people's ability, disability or literacy skills or whether English is their first language. Managers and staff **understand their responsibilities to provide accessible digital and web offers** to ensure that residents with disabilities are not excluded from accessing information	Target to be defined

Strategic Theme	Intervention	Measure /deliverable
Developing the skills of our staff to understand how to support residents to access and use technology to improve their lives	**Engage and communicate** with staff so that they understand the support offer clearly and can in turn communicate this to residents, including enabling staff to understand their responsibilities accessible digital services and web content to customers	Engagement plan in place by October 2022
	Showcasing and test drive and training opportunities that influence and inform staff on the types of technology available to support residents they are working with and supporting to access wider support available	15 events for staff by March 2023
	Ensure **staff understand how to access the support offers available, (and go to Libraries staff for help where needed)** for residents they work with so they can help them to access them for example where residents have learning disabilities or we are working with families experiencing a range of inequalities and barriers to access.	1000 staff trained to become digital advocates of technology in 3 years 80% of staff trained feel confident that they can really help people to become digitally included
	Work closely with NALC to **provide support to town and parish council staff** who can in turn support residents	80% pf parish clerks are confident in how to refer people for help
	Make it simple for staff to find local digital support offers for residents, by ensuring the Norfolk Community Directory has a range of guided searches and up to date information to make this as quick and simple as possible	80% of staff surveyed feel they are able to use the Norfolk Community Directory effectively to find information for resident
	Ensure that our **digital technologies** – such as our computer hardware, software, apps, business systems such as Oracle and Liquid Logic and business equipment such as smart phones - are **accessible for disabled staff and service users**	Digital systems development and project staff will complete relevant training. Project documentation, including checklists will ensure that accessibility needs are considered on all relevant systems development and procurement activities.

Norfolk County Council

Equality impact assessment of digital accessibility and inclusion

The common barriers that disabled people and people with other protected characteristics face when getting online and accessing digital information and virtual environments

Findings and

recommendations April

2021

Equality impact assessments enable decision-makers to consider the impact ofproposals on people with protected characteristics. **You can update an assessment at any time to inform service planning andcommissioning.** **For help or information please contact equalities@norfolk.gov.uk.**

Purpose of assessment

1. This equality impact assessment sets out the barriers that disabled people and people with other 'protected characteristics' face when getting online and

accessing digital information and virtual environments.

2. The assessment has been developed to inform ongoing implementation of Norfolk County Council's digital inclusion strategy, which is being reviewed and updated.

3. See **Annex 1** for details of the 'protected characteristics'.

Background

4. Norfolk County Council is making greater use of digital technology and virtual environments to deliver services and engage with residents, service users and staff in the most accessible, safest and cost-effective ways possible.

5. This means that digital inclusion is an increasingly important factor in the ability of people to live and work independently in Norfolk.

6. In the long term, the use of technology, particularly virtual working, offers the potential to enhance equality and inclusion for people with protected characteristics – for a range of reasons, set out in this document.

7. Inevitably however, some people, particularly disabled people, people with low literacy skills and people with limited resources, face barriers to getting online.

8. This assessment summarises the key barriers that people with protected characteristics commonly face to digital accessibility. It recommends actions for addressing these barriers.

9. Please note that the digital inclusion strategy sets out full details of the different population groups in Norfolk who experience digital exclusion. This information is not repeated here.

Legislation for accessible digital information

10. Three pieces of legislation set the context for the provision of accessible digital information:

(a) The Public Sector Equality Duty

11. Public authorities are required by the Equality Act 2010 to give due regard to equality when exercising public functions[1], and to ensure that services and information are accessible.

12. They are also required to make reasonable adjustments to information for disabled people, for example, providing information in an alternative format or an accessible format, like large print or an audio recording.

(b) The Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018

13. Public bodies must comply with the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018[2]:

- New public sector intranets and extranets must meet level AA of the Web Content Accessibility Guidelines (WCAG 2.1) as a minimum[3].
- Older intranets and extranets (published before 23 September 2019) must be made accessible when they are updated.
- Mobile applications must be accessible by 23 June 2021[4].
- Public bodies must systematically and routinely test web, digital and virtual interfaces with commonly used assistive technologies. This is to ensure that everyone can use the software they rely on to access the Council, such as screen readers, screen magnifiers and speech recognition software.
- Websites and applications owned by public sector bodies must have an accessibility statement that explains how accessible the service (including mobile apps) is. Note that there are a number of websites owned or commissioned by or managed by the Council, not all of which are compliant with the regulations.
- You can find the accessibility statement for Norfolk County Council here.
- Disabled and older people must be engaged in user research.
- Norfolk County Council is a signatory to the local digital declaration, which includes a commitment to the Service Manual for the Government's Service Standard.

14. Further details about the regulations are set out in the latest guidance.

15. Some organisations which are not exempt from the regulations may not need to fully meet the regulations. This is the case if the impact of fully meeting the requirements is too much for an organisation to reasonably cope with. The accessibility regulations call this a 'disproportionate burden'[5]. Interpreting what constitutes a 'disproportionate burden' is complex, and many factors must be taken into account. Speak with the Corporate Web Team if you require more information.

16. Incorporated within the regulations is the need to comply with EN 301 549 Accessibility requirements for public procurement of ICT products and services.

(c) The Accessible Information Standard

17. The Accessible Information Standard is a legal requirement for organisations that provide publicly-funded adult social care. The Standard sets out a specific, consistent approach to identifying, recording, flagging, sharing and meeting the information and communication support needs of patients, service users, carers and parents with a disability, impairment or sensory loss.

What is 'digital exclusion'?

18. The definition of digital exclusion is 'people who are unable to get online or

who lack basic digital literacy skills to make the best use of the opportunities of being online'.

19. Digital exclusion is often described in these terms:
    - **Digital literacy and skills** – being able to use computers, the internet and mobile technology such as smart phones.
    - **Accessibility** – Ranging from broadband connectivity and assistive technology for disabled people to the design and provision of physical infrastructure, services and information to meet all users' needs.
    - **Affordability** - affordable access to the internet and digital devices is still an issue for many people. Partly in the hands of private sector providers, it is also something Norfolk County Council is helping to address, for example, through Better Broadband for Norfolk.
    - **Culture and attitudes** – some people may believe 'it's not for me' or have fears or anxieties about appearing incompetent. Or, they may have found that although they can access landing pages, they cannot get much further. Some people may have had negative experiences through hate-related bullying or harassment on social media.

Who is at risk of digital exclusion?

20. People with protected characteristics are at particular risk of digital exclusion.

21. Prior to the COVID-19 pandemic, the cohort most affected by digital exclusion was people over 65 on low incomes, disabled people and people with low literacy skills. In addition, Gypsy, Roma and Traveller (GRT) young people have historically faced considerable digital exclusion, which is likely one of many factors in GRT young people's reduced outcomes in education.

22. Of this cohort, the most digitally excluded tend to be D/deaf people, people with learning disabilities and people with dual sensory loss – despite the protections of the Equality Act 2010 and the Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018.

23. This is because all public bodies must meet WCAG 2.1 AA compliance under the Regulations. However, it is recognised that some elements of this such as video content, alternative information formats and some colour and contrast criteria falls under WCAG 2.1 AAA compliance. This has the potential to put some groups of disabled people at a significant disadvantage compared to others when accessing digital information. For instance, many people within the Deaf community rely on BSL video; many people with learning disabilities rely on alternative formats such as Easy Read; and many people with dyslexia rely on colour and text options to enable reading to be easier.

Emerging issues, triggered by the COVID-19 pandemic

24. The pandemic required employers, service providers, service users and staff to rapidly adopt new technologies and virtual working arrangements. Through this, emerged a 'digital divide' – the gap between people who were able to benefit from the internet and those who were not.

25. For example, some people were able to readily adjust to life online – because they had sufficient space, equipment, resources, quiet, literacy skills and the personal resilience to work and socialise digitally (and if necessary support children to engage in remote learning). Others, who did not have these physical and psychological resources, faced many barriers.

26. People who already experienced digital exclusion faced even greater barriers - particularly D/deaf and blind people, people with learning disabilities, Gypsies, Roma and Travellers and people new to Norfolk from abroad who have limited resources and low literacy skills.

Inaccessible digital technologies – computer hardware, software, apps, business systems and equipment

27. Another significant issue is that ongoing innovation to support digital working has led to a huge increase in the number of hardware, software and apps being launched across the public sector. However, the vast majority of these are not fully accessible.
Sometimes it is not always possible for the Council to test apps prior to launch as they may be additional features which are added to Microsoft updates and there is limited notice or no opportunity to turn them on/off.

28. One example of this is the Whiteboard app - remembering that this is just one example of 'small apps' and features introduced in a given time:
    - The app cannot be designed to work with screen readers and is unlikely to be accessible for people who are blind or partially sighted
    - The screen is mouse driven, so people who navigate via keyboard/voice cannot use it
    - There is no spell check within the 'post-it' note function - so someone who has systems in place to manage dyslexia or a learning difference is placed at a disadvantage
    - Use of an interpreter for Deaf people would be problematic as trying to identify what to interpret would be challenging.

29. As with most technology, there are solutions to these issues, but this requires an agreed approach to resolve – for example, routinely testing all apps before implementation, and instructing presenters, team managers, colleagues etc. to be aware of how to make this kind of activity accessible.

30. Another issue is that there is still a significant number of IT developments that do not get briefed to IMT - they go straight to third party procurement. Often no accessibility requirements are worked into these proposals. Procurement Team has been referring more of these back to the Corporate Web Team and ICT for advice – which is good – but there are opportunities to strengthen procedures further.

31. Looking forward, online virtual training and meetings will be the 'norm'. This raises a number of issues that need to be resolved, e.g. how an individual's accessibility software such as screen readers and dictation software will work in this environment.

Inaccessible web content and digital information

32. A process is being embedded for monitoring of the Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018 and requirements to ensure the Council's digital offer adequately supports the needs of disabled people.

33. Significant work has been undertaken to meet the regulations WCAG 2.1 AA level – to include examining how alternative format information such as video, easy read and BSL can be better used as part of online offer and engagement with disability groups. There is a commitment to continue to develop and respond to the requirements.

34. The Digital Manager and Equality and Accessibility Officer are working together to continue to explore opportunities to enhance the accessibility of the online customer journey and content of websites, moving towards AAA standards wherever possible. However, there is work to be done in understanding what this will look like and how to incorporate alternative mechanisms such as video more.

35. The Corporate Web Team has highlighted that a particular priority to achieving online web accessibility and digital content is ensuring that managers and staff understand their responsibilities to provide accessible digital and web content. For example, the Corporate Web Team continues to receive questions from services around why their digital assets need to be accessible and it is not always understood that it is each manager's responsibility.

36. To address this, more work is required to ensure that the Council has the right policies and training in place to support staff.

Current barriers to web accessibility in the UK and Norfolk

37. Many online pubic services, web content and apps are still not accessible to all users.

38. In 2018, independent testing by Socitm found that 40% of UK local authority websites were not accessible to disabled people.

39. Since this period, Socitm has changed the format of testing and now partner with Silktide. Currently, Silktide gives www.norfolk.gov.uk a rating of around 85%. Whilst there is still much work to do to improve online accessibility for disabled people, this compares well against other local authorities in the UK.

Opportunities ahead

40. In the longer term, digital technology offers the potential to enhance accessibility and inclusion for people with protected characteristics – including older and disabled people, parents and carers. This is for several key reasons:

- In some (but not all) respects, the virtual working environment is more egalitarian than the physical world and provides more opportunities for people to be judged on their merit, rather than their physical attributes or abilities.

- Lockdown required employers to rapidly enhance digital working opportunities. This enabled creative solutions to be explored and successfully implemented. It has also changed the balance from employers playing catch-up to technology, to a situation where aspirations to provide an accessible virtual working environment are being held back by digital solutions not being available. This is now starting to level out.

- For example, there was swift move to offering BSL interpreters virtually rather than in person for customers and staff. This is heavily reliant on technology to work in a certain way, and it has taken considerable time for the technology to be available.

- The virtual environment minimises the need for travel and constant transfer from venue to venue (travel and hot desking is often disproportionately difficult and costly for disabled people, and office environments can be disabling). Travel also takes time and logistics planning, and people who have child care or caring responsibilities often find that virtual working saves them valuable time, and better enables them to balance caring responsibilities (assuming that they have the relevant conditions in place at home to make remote working feasible).

- Depending on an individual’s personal circumstances (remembering that some people may not have the resources to work effectively from home), virtual environments enable people to set up and control their working environments in the best way for them, in terms of neurodiversity, accessibility, temperature, noise levels, etc.

- It enables greater flexibility to manage health conditions eg if someone has to take medication, empty a stoma bag or work in short bursts and then rest.

- It enables women who are expressing or breastfeeding following a return from maternity leave to manage this more effectively.

- It enables people to limit physical contact with others, if, for reasons of mental health, someone wishes to do so (for example, when experiencing an episode, which makes engaging with others in the physical world challenging).

41. It is important to note that these advantages do not benefit all people with all protected characteristics, but they are important considerations.

Conclusion

42. During the pandemic there has been a need to develop and improvise virtual and remote working. This has often been a case of trial and error, and ICT services, the web content team and service managers have worked 24/7 to identify solutions to barriers as and when they have occurred.

43. During this time there has been a great deal of knowledge and innovation

developed, regarding how service users and staff can be supported to work and engage remotely. Inevitably, there continue to be a range of barriers to overcome and adjustments to make, and this may take some time, but the end result should achieve greater inclusion.

44. There will always be people who cannot access digital or virtual platforms, for the reasons set out in Annex 2, and provision will need to be made for these groups. Some services will need to offer an adaptable environment to ensure services can still be offered to people who cannot access digital services.

Key barriers faced by people with protected characteristics

45. The key barriers faced by each protected characteristic are set out in **Annex 2**.

Recommended actions

	Action	Lead	Date
1.	**Ensure that our digital technologies – such as our computer hardware, software, apps, business systems such as Oracle and Liquid Logic and business equipment such as smart phones - are accessible for disabled staff and service users:** 1.1 All new projects will be required to comply with a range of minimum accessibility standards. These standards will be developed by the Business systems Architect for Infrastructure services in consultation with the Equality and Accessibility Officer and set out in the "Proposals for Procurement Gates for IT related projects" document, which also sets out the other requirements with which all IT projects must comply. **Any manager commissioning technology will be required to meet the minimum accessibility standards stated in the document.** 1.2 Agree a mechanism by which checks can take place to ensure that new corporate and service-led ICT proposals comply with the standards in the "Proposals for Procurement Gates for IT related projects" document, and whether any other accessibility considerations should be taken into account for disabled people. 1.3 Ensure that all new software/apps introduced by the Council are accompanied by communications to presenters, team managers	Business systems Architect for Infrastructure services in consultation with Equality and Accessibility Officer	31st March 2022

	Action	Lead	Date
	and colleagues etc about how to ensure accessibility.		
2.	A checkbox to be added to the 'MyIT' new starter request form, to signal if a request for IT made by a new starter to the organisation relates to a disability. This would then trigger a review of requirements from the IMT Accessibility lead officer.	Business systems Architect for Infrastructure services	31st March 2022
3.	**Ensure that our digital web content is accessible regardless of people's ability, disability or literacy skills or whether English is their first language:** 2.1 The Corporate Web Team already provides guidance on creating accessible web content on myNet - this will continue to be developed to support managers and staff to create accessible content. A specific e-learning module will also be developed. Services can contact the Corporate Web Team for advice and signposting to training. 2.2 Deliver media/communications campaign to ensure that managers and staff understand their responsibilities to provide accessible digital and web content to service users. Reinforce key information, such as: a. When creating website content, managers are responsible for ensuring it meets accessibility requirements. b. Present content in the most accessible format (eg only creating downloadable documents if there is a good case not to use web page content) c. Ensure downloadable documents are in the most appropriate file format and are formatted to meet accessibility requirements, including Easy Read documents d. Ensure video content meets accessibility requirements (eg. by producing accurate closed captions, text transcripts etc. where required)	Digital Manager	31st March 2022
4.	Continue to lead work to meet WCAG 2.1 AA level – to include examining how alternative format information such as video, easy read and BSL can be better used as part of our online offer.	Digital Manager	31 March 2022

	Action	Lead	Date
5.	Guidance to be developed for chairs of virtual meetings, presenters, and colleagues about how to ensure accessibility and inclusion when interacting digitally. For example, not just in terms of ensuring that blind and D/deaf people can participate, but in terms of promoting mental health (eg minimising message volumes).	Equality and Accessibility Officer	31st March 2023
6.	A Disability Accessibility intranet page to be developed, to provide information about accessibility.	Equality and Accessibility Officer	31st March 2022
7.	Engagement with voluntary groups - many people who experience digital exclusion such as people newly arrived from abroad, Gypsies, Roma and Travellers, blind and D/deaf people, people with learning disabilities and others often rely on third-party/voluntary organisations to obtain specific support and information. Explore how knowledge could be shared with these organisations to support them to provide their digital services in an accessible way; this will ensure that there is continuity for customers when accessing services from different organisations.	TBC	31 March 2023
8.	Explore how customers who are unlikely to be more digitally inclusive can be supported to become more digitally confident.	TBC	31 March 2023

Evidence used to inform this assessment

- Norfolk County Council's Equality, Diversity and Inclusion Policy
- Norfolk County Council's Equality, Diversity and Inclusion Objectives
- Demographic factors set out in Norfolk's Story 2021 published - Norfolk Insight
- Norfolk County Council Area Reports on Norfolk's JSNA relating to protected characteristics:
- Business intelligence and management data, as quoted in this report
- Equality Act 2010 and Public Sector Equality Duty codes of practice

Further information

For further information about this equality impact assessment please contact:
Email: equalities@norfolk.gov.uk
Telephone: 01603 973232
Text relay: 18001 0344 800 8020

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communication for all

If you need this document in large print, audio, Braille, alternative format or in a different language please contact 01603 973232 or 18001 0344 800 8020 (Text relay).

[1] This is called the 'Public Sector Equality Duty'. The purpose of an equality impact assessment is to consider the potential impact of a proposal on people with protected characteristics. If the assessment identifies any detrimental impact, this enables mitigating actions to be developed.
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 Act;
- Advance equality of opportunity between people who share a relevant protected characteristic[1] and people who do not share it;
- Foster good relations between people who share a relevant protected characteristic and people who do not share it.

The full Act is available here.

It is not always possible to adopt the course of action that will best promote the interests of people with protected characteristics. However, equality assessments enable informed decisions to be made that take every opportunity to minimise disadvantage.

When you may be exempt from accessibility regulations

All UK service providers have a legal obligation to make reasonable adjustments under the Equality Act 2010 or the Disability Discrimination Act 1995 (in Northern Ireland).

The following organisations are exempt from the accessibility regulations:

- Non-government organisations like charities - unless they are mostly financed by public funding, provide services that are essential to the public or aimed at disabled people
- public sector broadcasters and their subsidiaries

The following organisations are partially exempt from the accessibility regulations:

- primary and secondary schools or nurseries - except for the content people need in order to use their services, for example a form that lets you outline school meal preferences

Partially exempt organisations would need to publish an accessibility statement on their website.

[2] If you created a new public sector website on or after 23 September 2018, you need to meet accessibility standards and should have published an accessibility statement by 23 September 2019. You need to review and update your statement regularly.

[4] Existing websites

You need to meet accessibility standards and publish an accessibility statement. You need to review and update your statement regularly.

Intranets and extranets need to comply from when there are significant changes to them.

You may not have to meet the requirements for your whole website or app if doing so would be a disproportionate burden - for example, if it's very expensive to make even simple changes and those changes would bring very limited benefits to disabled people.

You do not need to fix the following types of content because they're exempt from the accessibility regulations:

- pre-recorded audio and video published before 23 September 2020
- live audio and video

- heritage collections like scanned manuscripts
- PDFs or other documents published before 23 September 2018 - unless users need them to use a service, for example a form that lets you request school meal preferences
- maps - but you'll need to provide essential information in an accessible format like an address
- third party content that's under someone else's control if you did not pay for it or develop it yourself - for example, social media 'like' buttons
- content on intranets or extranets published before 23 September 2019 (unless you make a major revision after that date)
- archived websites if they're not needed for services your organisation provides and they are not updated

You'll need to explain in your accessibility statement that you've not made things like this accessible because they are exempt.

Annex 1 – table of protected characteristics

The following table sets out details of each protected characteristic.

Characteristic	Who this covers
Age	Adults and children etc, or specific/different age groups
Disability	A person has a disability if they have a physical or mental impairment which has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities. This may include but is not limited to: • People with mobility issues (e.g. wheelchair or cane users; people of short stature; people who do not have mobility in a limb etc) • Blind and partially sighted people • People who are D/deaf or hearing impaired • People with learning disabilities • People who have mental health issues • People who identify as neurodiverse (this refers to neurological differences including, for example, dyspraxia, dyslexia, Attention Deficit Hyperactivity Disorder, the autistic spectrum and others). • People with some long-term health conditions which meet the criteria of a disability.
People with a long-term health condition	People with long-term health conditions which meet the criteria of a disability.
Gender reassignment	People who identify as transgender (defined as someone who is proposing to undergo, is undergoing or has undergone a process or part of a process to reassign their sex. It is not necessary for the person to be under medical supervision or undergoing surgery). You may also want to consider the needs of people who identify as non-binary (a spectrum of gender identities that are not exclusively masculine or feminine).

Marriage/civil partnerships	People who are married or in a civil partnership. They may be of the opposite or same sex.
Pregnancy & Maternity	Maternity refers to the period after birth and is linked to maternity leave in the employment context. In the non-work context, protection against maternity discrimination is for 26 weeks after giving birth, and this includes treating a woman unfavourably because she is breastfeeding.
Race	Race refers to a group of people defined by their race, colour, or nationality (including citizenship) ethnic or national origins. A racial group can be made up of two or more distinct racial groups, for example a person may identify as Black British, British Asian, British Sikh, British Jew, Romany Gypsy or Irish Traveller.
Religion/belief	Belief means any religious or philosophical belief or no belief. To be protected, a belief must satisfy various criteria, including that it is a weighty and substantial aspect of human life and behaviour. Denominations or sects within a religion can be considered a protected religion or religious belief.
Sex	This covers men and women. Consider the needs of people who identify as intersex (people who have variations in sex characteristics) and non-binary (a spectrum of gender identities that are not exclusively masculine or feminine).
Sexual orientation	People who identify as straight/heterosexual/lesbian, gay or bisexual.

Annex 2

Summary of key barriers to digital inclusion faced by people with protected characteristics

Protected characteristic	Disability and long-term health conditions
Barriers to digital literacy	Yes
Barriers to accessibility	Yes
Barriers to affordability	Yes
Cultural barriers	Yes
Reasons for barriers	Some barriers affect many disabled people. These include: • Web sites and content that is not compatible with assistive technology: websites may not be coded to incorporate built-in accessibility, relying instead on users having expensive software. Or, a user’s assistive technology may be incompatible with other assistive technologies, which makes it difficult or impossible for people using solutions like text-to-speech screen readers or magnification software to access web information and self-service. Even the most sophisticated screen reading software cannot help users make sense of what they are using when content is unstructured or unlabelled. • Cost of assistive technology: assistive technologies such as text-to-speech screen readers, dictation systems, voice activated software, screen readers or magnification software come at a cost. For example, JAWS is the industry standard assistive software for blind people, but costs £840+ and version updates can be over £200. It would also require hardware with an adequate processing speed, a larger monitor and a specialist keyboard to be used effectively. Routine upgrades are also costly. • The complexity of web content: People who have learning disabilities or differences, are D/deaf, neurodiverse, have poor memory, concentration or low literacy or language skills find the relative complexity of web information and the need for strong literacy skills a challenge. Web pages are text heavy, and content may be written in a way that is hard to understand, navigate or use. Use of Easy Read and British Sign Language (BSL) videos can assist, but these tend to be used sporadically which is confusing for users because it means that while some pages may be accessible, other pages linked to them are not. Short clips giving an overview of a subject can often significantly improve access – but only if they are used on every page. Processes (such as form filling) can often take a long time to complete, with ‘time out’ shutdown or no save functions. This causes barriers 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 and the high cost and effort of accessible travel, coupled with the need for assistive technology and/or an adapted working space, means it may be unrealistic for some disabled people to access the internet at public locations. Some public locations may present other barriers, for example public computers in settings that are in busy, noisy, brightly lit public spaces may not be inclusive of people who are neurodiverse. • Some staff who rely on Access to Work may need different adjustments, such as access to live captioning instead of BSL interpreters. • There are additional barriers for specific user groups of disabled people. • A summary is provided in **Annex 3** of the additional barriers that specific disabled user groups commonly experience when accessing web or digital information.

Protected characteristic	**Race**
Barriers to digital literacy	Yes
Barriers to accessibility	No
Barriers to affordability	Yes
Cultural barriers	Yes
Reasons for barriers	**People newly arrived to Norfolk from abroad** • Some people newly arrived from abroad may not have the resources (including accommodation or credit rating) necessary to access the internet. • They may not have the literacy skills necessary to navigate online information, even if they do have access to the internet. • People who are not fluent in English may be anxious about using online services because they are worried about making errors and do not want to submit wrong information. Google Translate offers a partial solution. • An example is someone who does not speak or write English confidently, who works in the gig economy and who is paid weekly. COVID triggered a swift move by employers to online working. Many employers began to issue payslips online, rather than in document form. This created a significant problem for people on low incomes, who needed to know week to week exactly what their income was, but who could not access payslips because they could not get online. **Gypsy, Roma & Traveller people**

	• Many Gypsy, Roma & Traveller (GRT) adults and children living on sites or encampments in Norfolk experience barriers to digital inclusion: Some sites and many encampments may not have good access to the internet • The transient nature of some families means access to broadband and wifi especially in rural parts of Norfolk may be limited. Internet access via 3G or 4G is costly and may depend on a person having a smartphone contract. • A large majority of GRT people have low literacy levels, so many people find navigating web information challenging. Culturally, they may be reluctant to ask for help. • Mobile homes and caravans are small, often with many family members living in a small concentrated area, so there is limited ability to focus in a quiet space • This is a significant issue for young GRT people, as school curriculums and processes are increasingly technologically-based. • GRT young people already experience some of the worst outcomes of any ethnic or social group in the country, including below average educational attendance and attainment, low literacy levels, and higher levels of special educational needs and disability. **People from Black and Asian backgrounds** Evidence indicates that some Black or Asian people may be in lower income groups, so affordability may be an issue. National data shows that White and Bangladeshi residents are less likely to use the internet.

Protected characteristic	**Gender reassignment**
Barriers to digital literacy	No
Barriers to accessibility	No
Barriers to affordability	No
Cultural barriers	Yes
Reasons for barriers	• Some information systems do not enable people to state their preferred title (eg Ms, Mx, as opposed to Miss or Mr). • Technology presents opportunities to enable people to state their preferred gender pronouns without having to constantly correct people or 'come out' – eg in phone/contact directories, Teams/Zoom profiles, or email signatures.

	• Norfolk County Council already encourages staff to state their preferred pronouns on their email signature if they wish. It would be advantageous if there was a facility within Microsoft Teams and the contact directory for staff to state their pronouns.

Protected characteristic	**Marriage/civil partnerships**
Barriers to digital literacy	No
Barriers to accessibility	No
Barriers to affordability	No
Cultural barriers	Yes
Reasons for barriers	In some relationships, domestic abuse such as coercive behaviours could mean that some people restrict their partner's use of the internet – eg a perpetrator of domestic abuse may not wish their partner to access support or to communicate with others.

Protected characteristic	**Pregnancy and maternity**
Barriers to digital literacy	No
Barriers to accessibility	No
Barriers to affordability	No
Cultural barriers	No
Reasons for barriers	None identified.

Protected characteristic	**Religion and belief**
Barriers to digital literacy	No
Barriers to accessibility	No
Barriers to affordability	No
Cultural barriers	Yes
Reasons for barriers	Cultural and social mores and values in some faith communities may mean that some people may discourage or restrict others from accessing the internet, if they consider that exposure could in some ways undermine the values of the faith – eg strong patriarchal values could mean that some men may limit the internet access of women or younger people.

Protected characteristic	Sex[vii]
Barriers to digital literacy	No
Barriers to accessibility	No
Barriers to affordability	No
Cultural barriers	Yes
Reasons for barriers	See issues highlighted for ‘gender reassignment. Also: • Use of language – ensure that gender inclusive language is routinely practiced in digital web information– eg routinely state ‘he/she/they’ instead of just ‘he/she’. Avoid restrictive gender terminology, eg ‘ladies and gentleman’. • There is no significant difference in internet use between women and men under the age of 65. Gender difference is evident among older age groups. However, internet use among women aged 75 and over has almost trebled since 2011. • In some relationships, strong gender norms or domestic abuse such as coercive behaviours could mean that some people restrict their partner’s use of the internet – eg a perpetrator of domestic abuse may not wish their partner to access support or to communicate with others.

Protected characteristic	Sexual orientation
Barriers to digital literacy	No
Barriers to accessibility	No
Barriers to affordability	No
Cultural barriers	Yes
Reasons for barriers	• Use of language – ensure that inclusive language is routinely practiced in digital web information– eg do not assume that all relationships are heterosexual or fit particular norms or stereotypes. • In data collection forms, enable people to state their sexual orientation and offer appropriate options.

Annex 3 – Barriers for specific user groups of disabled people

A summary is provided below about the barriers that specific disabled user groups commonly experience when accessing web or digital information:

User	What this may mean	Potential mitigations
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.	Do not assume that people can get online or stay online. Keep information as simple and concise as possible. Where forms need to be completed, enable the user to save their progress and return to it at a later date.
Blind and partially sighted people	Many blind and partially sighted people cannot access web information, because websites are incompatible with assistive technologies such as screen readers. These users may find that although a website's landing page is accessible with screen reader technology, subsequent pages are not – which is frustrating. **PDF documents are not accessible unless you use Adobe Pro.**	If you do not have Adobe Pro, you can increase the accessibility in some (but not all) versions of Adobe by doing the following: click Edit > Accessibility > Set up Assistant to add some accessibility options in the document. Note though that even if you do this, the PDF will still not be fully accessible for people using screen readers. Some basic tips to check that web information is accessible: 1. Use clear, formatted headings, to help screen reader users navigate your document or webpage. 2. Do not use images of text to convey information as they cannot be read by screen readers. 3. Ensure text can be resized and background and text colours can be modified to suit the reading preferences of users. 4. Make sure links are written to describe the document or resource they send the user to. 5. Make sure information or explainer videos convey the same information in the audio voiceover as the images on screen. 6. Use image descriptions to share the information given in an image or photograph. 7. Ensure downloadable content (Word or PDF) is accessible.
D/deaf and hearing-impaired people	This can make it difficult to hear audio. Also, many D/deaf and hearing-impaired people have lower literacy levels, so may struggle to understand subtitles or navigate web content.	Provide key information in a variety of formats, eg British Sign Language (BSL) video, email, SMS text, letter writing and provision of stamps. Ensure call centres have access to, and know how to use, telephone language and interpreting services. During the pandemic, interpreter services have been a combination of face-to-face and online interpreting. Although face-to-face interpreting will always be needed in some situations, being able to offer online interpreting has proven a positive step forward and should be considered part of any new service offer.
People with learning disabilities	This can make it difficult to understand or navigate web content. 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 independence. One challenge that public agencies face in	Where possible, provide information in easy read format, or convey simple information in videos. Use plain English in all communications.

	routinely providing easy read is that the fast-changing nature of web content means they do not consider it possible 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 a source of frustration to disabled people that while some pages may be accessible, other pages linked to them are not.	
People who are neurodiverse (a term that describes people with neurological differences such as Autism, Dyslexia, Dyspraxia, Attention Deficit Disorders and Dyscalculia)	This can make it difficult to understand complex web content or use systems which present multiple choices and configurations. It can also make it difficult to concentrate, particularly in busy, noisy or harshly lit surroundings such as public spaces. It can make it difficult to use the internet in public spaces, due to anxiety about being around others or in unfamiliar surroundings People with dyslexia may struggle to read black text on white background. Very few websites offer colour tint options. People who have hyperactivity or attention disorders may find it difficult to concentrate or become easily distracted.	Make sure that information is concise, factual and clear about what is expected of people and how they can participate. Avoid nuance. Be consistent and avoid changing messages (or provide reasons for the change). Tips for making information dyslexia friendly: 1. Use Adobe Pro PDF documents with the full accessibility settings turned on. 2. Where possible avoid using black writing on white background, even -off white or grey is better. 3. Consider using alternative ways of providing information either graphically or possibly video where appropriate.
People with mental health issues, which may cause poor concentration, memory, understanding or anxiety	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. Swift changes to how services were delivered from physical to digital platforms was a trigger for mental health issues, including people who find change difficult due to a disability and who had to change suddenly. Many people may not have an environment or workspace that supports their physical and psychological needs at home, and so experience extra strain. Many people use a range of assistive technologies, and these may only be available on their work computers, not their devices at home. Even if an individual does have the right equipment at home, if their organisation introduces new apps or software to all staff, the resources, training or the programme itself may not be accessible, creating a barrier for disabled employees and service users. An emerging issue triggered by the shift to virtual working is that managers and staff have suddenly had to find ways of managing a huge increase in emails, messages and contact from multiple sources.	Keep information as simple and concise as possible. Where forms need to be completed, enable the user to save their progress and return to it at a later date.

[i] Younger and older people

[ii] All disabled people, e.g relating to mobility, sensory, learning, mental health, neurodiversity

[iii] People who identify as transgender (someone who is proposing to undergo, is undergoing or has undergone a process or part of a process to reassign their sex).

[iv] People who are married or in a civil partnership. They may be of the opposite or same sex.

[v] Race can mean colour, nationality (including citizenship), or ethnic or national origins, which may not be the same as current nationality.

Under the Equality Act 2010, a racial group can be made up of two or more distinct racial groups, for example Black Britons, British Asians, British Sikhs, British Jews, Romany Gypsies and Irish Travellers.

[vi] Belief means any religious or philosophical belief or no belief. To be protected, a belief must satisfy various criteria, including that it is a weighty and substantial aspect of human life and behaviour. Denominations or sects within a religion can be considered a protected religion or religious belief.

[vii] This covers men and women. Consider also people who identify as intersex (people who have variations in sex characteristics) or non-binary (gender identities that are not exclusively masculine or feminine)

[viii] People who identify as straight/heterosexual/lesbian, gay or bisexual.

DRAFT
Report to Corporate Select Committee

Item No 8.

Report title:	**myOracle programme update**
Date of meeting:	**15 November 2021**
Responsible Cabinet Member	**Cllr Tom FitzPatrick** **Cabinet Member for Innovation, Transformation and Performance**
Responsible Director:	**Simon George, Executive Director, Finance and Commercial Services**

Executive Summary/Introduction from Cabinet Member

This report provides an update to Corporate Select Committee on the progress and actions that have been taken in the myOracle programme.

The myOracle programme will provide best practice HR and Finance processes in a single system, which will support us with new ways of working and decision making, helping us to save time and money and deliver better outcomes for Norfolk.

The programme is progressing well however before we entered final validation (UAT) we reviewed the entry criteria, and it was confirmed that the testing period needed to be extended. The programme team therefore reviewed our plans to reflect the extended testing period and remaining deliverables and this review confirmed that we needed to move our go-live date.

To identify the best date for a successful implementation the programme assessed the system readiness, business readiness and process readiness and it has been agreed with key stakeholder groups that myOracle will go live in April 2022.

Since our last report key programme activities include:

System Readiness

- Completed playbacks and configuration of the Human Capital Management (HCM), Enterprise Resource Planning (ERP) and Procurement modules
- Commenced final validation testing for these modules
- Commenced parallel pay runs
- Successfully migrated data into the test system
- Commenced configuration of the Enterprise Performance Management (EPM) module
- Developed and tested systems integrations

Business Readiness

- Launched an 'Introduction to myOracle' eLearning which has had an excellent uptake and has been view by over 25% of all NCC employees.
- Continued process mapping
- Established a Champions network and a Business Readiness Implementation Group
- Developed target operating models
- Developed a training plan and delivered a number of live system demonstrations

Over the next period the focus of the programme will be on baselining the revised plan, ensuring the configuration and delivery of a viable system for go-live and finalising the processes and target operating models to ensure a smooth transition to myOracle in April 2022:

- Finalising and baselining the revised plan
- Completing final configuration and testing for the EPM module
- Completing and testing all remaining configuration, integrations and internal developments
- Developing training material and delivering the training plan
- Finalising target operating models and processes with the business
- Working with professional teams to finalise the detailed cutover plans
- Delivering the business change plan to take everyone impacted by the programme through the preparation, go-live and embedding of a successful implementation
- Agreeing a phased benefits realisation plan to deliver the full business case

Actions Required

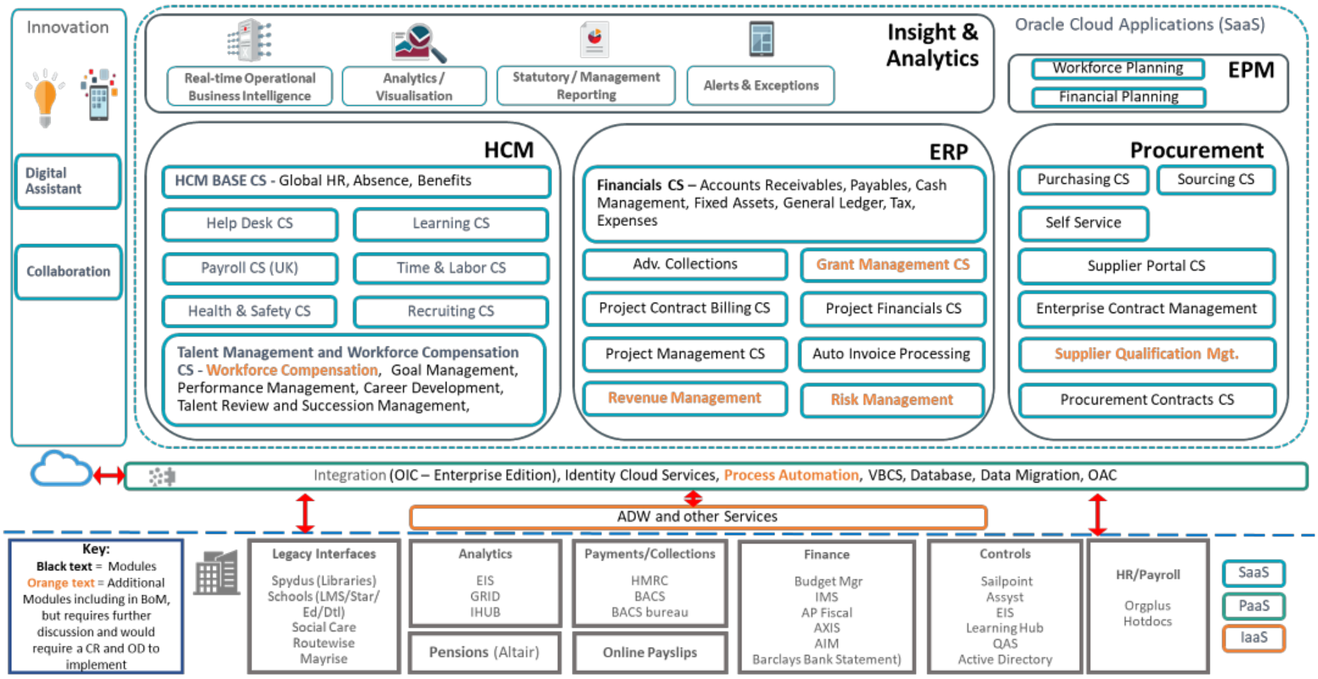
The Select Committee is asked to consider the progress made to date and the revised go-live date and to specify any further areas of assurance required.

1. Background and Purpose

1.1 The current Oracle system which Norfolk County Council uses to manage our core Human Resources and Finance processes is at its end-of-life. This has presented the council with the opportunity to transform service delivery and realise savings by reviewing our core and peripheral systems and processes.

1.2 Following a rigorous requirements and tendering process the Oracle Cloud solution was selected as the future system.

1.3 The scope of the solution is outlined in the illustration below and the current systems that this will replace are listed in Appendix B.



1.4 Over the last 18 months we have been working with Oracle Consulting Services to design and configure the Human Capital Management (HCM), Enterprise Resource Planning (ERP), Procurement, and Insight and Analytics modules. We are working with Evosys as our systems integrator for the Enterprise Performance Management (EPM) module.

1.5 We will also be implementing in-system support for users with Digital Assistant and Oracle Guided Learning which uses artificial intelligence to respond instantly to questions from users, this will increase business efficiencies and enable users to be more self-sufficient.

1.6 The myOracle programme will provide best practice HR and Finance processes in a single system, which will support us with new ways of working and decision making, helping us to save time and money and deliver better outcomes for Norfolk.

1.7 By replacing the systems and transforming processes, it is estimated that from 2022/23 (post implementation) net 10-year savings of £20m could be realised, with further potential savings of up to an additional £11m over that 10-year period being enabled as part of wider business transformation programmes.

1.8 Cabinet approved the programme in April 2020 and asked Corporate Select Committee to oversee the programme, reporting any issues to Cabinet. The purpose of this report is to advise Corporate Select Committee of the progress of the programme and to highlight any issues.

2. Summary of progress to date

2.1 The myOracle programme is continuing to make good progress. We have commenced payroll parallel runs and commenced 'final validation testing' (UAT) in October.

2.2 The final validation testing is a critical stage of the programme where we run all test scripts to identify and resolve issues in the system to make sure it meets our requirements.

2.3 Revised go-live date

2.4 At key stages of the programme we have review points to confirm that we are ready to go to the next stage. In the meeting to agree to go into Final Validation Testing it was agreed that we needed to extend the final validation testing period to provide the appropriate level of testing.

2.5 The programme team therefore reviewed our plans to reflect the extended testing period and remaining deliverables. This review confirmed that we needed to move our go-live date.

2.6 The highest priority for us is to have a successful implementation and we have worked with leadership teams to identify the best operational window to work towards for a successful go-live date.

2.7 To identify the best date for a successful implementation the programme assessed several factors:

System readiness:
- Functional Readiness
- Scope
- Technical readiness

People readiness:
- Business readiness (training, target operating models)

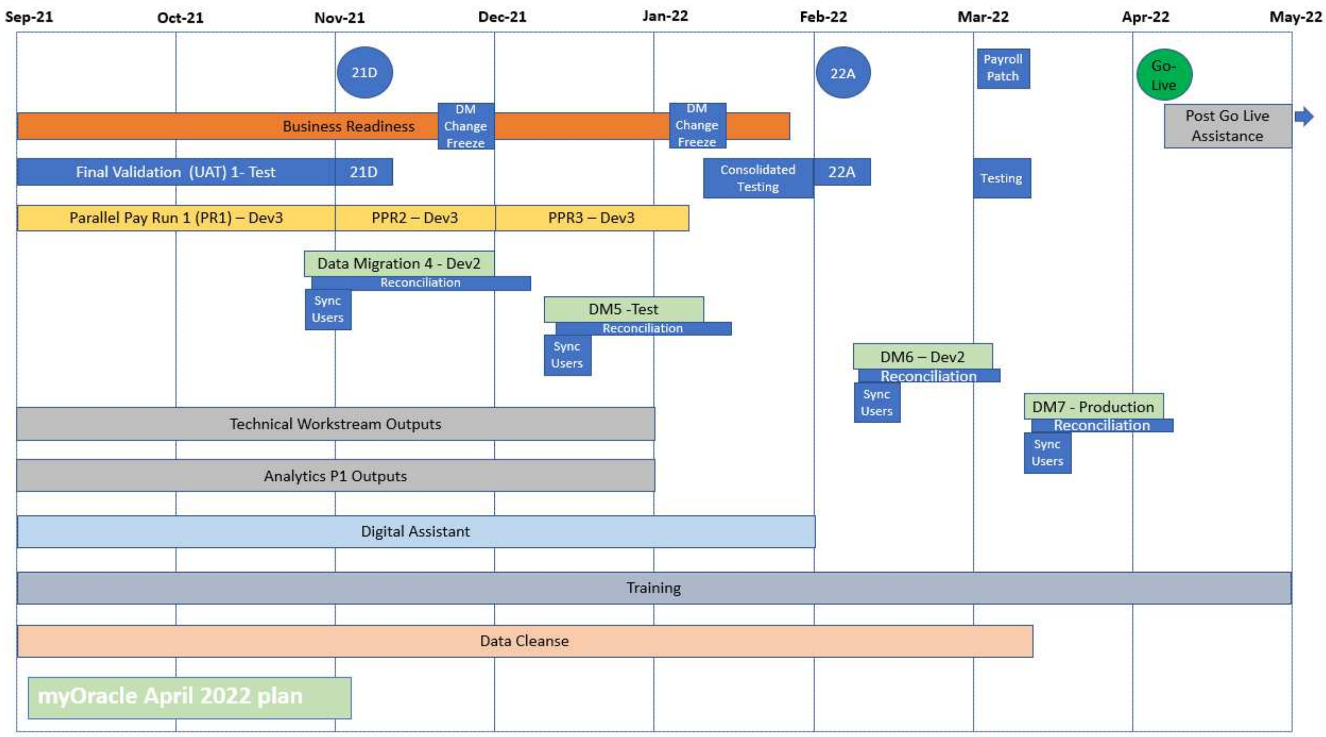
Process readiness:
- Risk of unsuccessful implementation
- Risk of failing to realise potential Benefits

2.8 There are only a small number of dates over the year which are suitable for go-live. A go-live over the Christmas period was considered but decided against in order to ensure sufficient time for business and systems readiness and minimise risks such as staff burn out.

2.9 It has therefore been agreed with key stakeholder groups that myOracle will go live in the next available window of April 2022.

2.10 The new go-live date has been communicated to our internal and external stakeholders and we are actively engaging with them in our detailed planning.

2.11 The revised plan is below:



2.12 Reasons for the revised go-live date

2.13 The contract for the myOracle programme was signed one week before the covid lockdown and was based on plans which assumed that the programme team would be based together on-site. At that time there was no understanding of the impact of covid.

2.14 Covid has had an impact on both the efficiency and effectiveness of the team. The original plan was date driven with a fixed end date and required tight delivery plan with little/no tolerance, however we have found that many activities have taken longer working within the covid constraints. Where possible we have built this learning into revised plans but this has pushed out the delivery dates and the go-live date.

2.15 Efficiency: the team has worked extended hours to maintain the pace required to meet our planned dates, but this has not made up for the time we have lost. We had a reduced team capacity for the first few months of the programme as 50% of team moved out of the programme for the initial covid response and since the team has come back to a full complement the capacity has been impacted by carer responsibilities, home schooling and sickness.

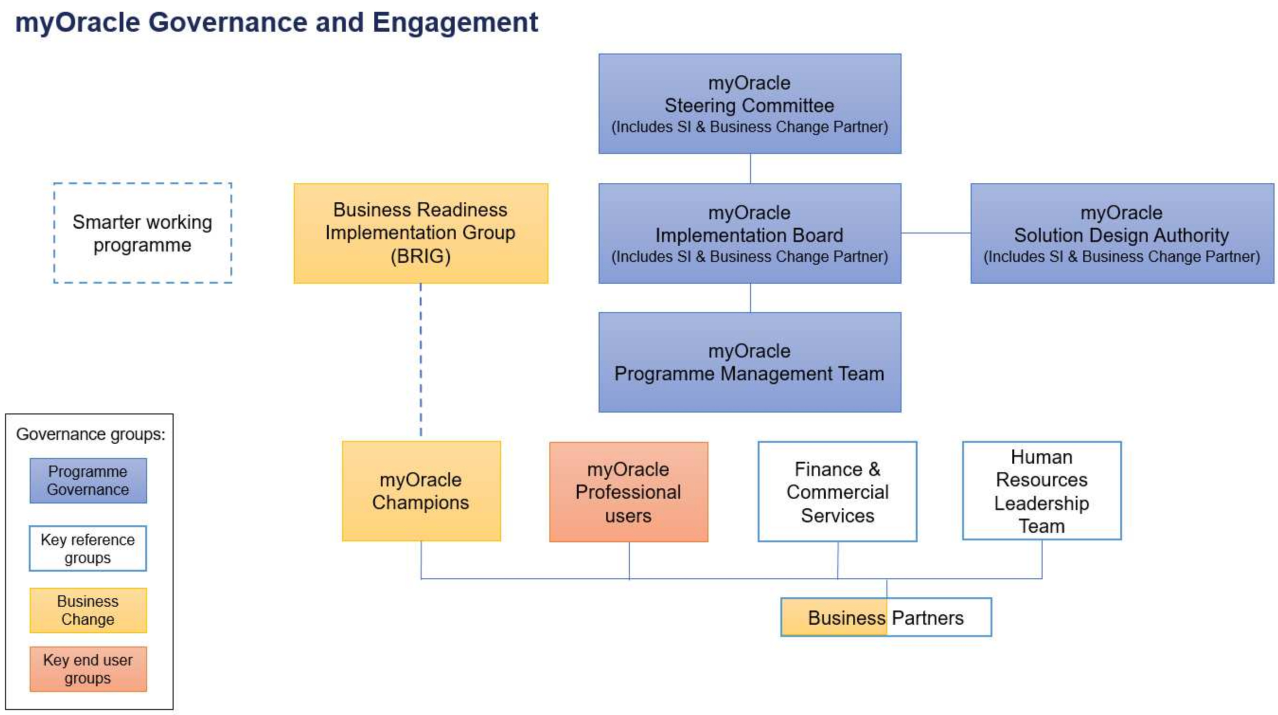
2.16 The programme is also reliant on small pockets of business expertise who have had to balance business as usual demands which has meant that configuration, process design and testing have been slower than our forecasts.

2.17 Effectiveness: Remote working has meant that the knowledge transfer from our suppliers has not taken place as it would have had we been sitting alongside each other as a team. We have also found that activities such as testing have been far less effective when working remotely so we have brought the payroll testers into County Hall which has significantly improved the process.

2.18 Assurance that the new date will be achieved

2.19 The revised plan reflects our learning to date and the actual time that activities have taken. However it should be noted that we are still reliant on a small number of business experts so where it makes sense, we are bringing in additional external expertise and we are also maintaining a focus on priority 1 functionality for the go-live.

2.20 Governance: The myOracle programme has a steering committee with Executive Director and Director level representatives from departments which will be the professional users of myOracle and Senior representatives from our implementation partners. In addition to this the programme has Business Readiness Implementation Group of senior leaders from across NCC and is working with key end user groups and subject matter experts on system testing.



3. Next Steps

3.1 We are now entering an exciting stage of the programme where we are starting to prepare the wider organisation for the new system.

3.2 A key aspect of delivering the programme benefits is the embedding of new ways of working through policies, processes and practice. We have been working with our business change partner, Socitm Advisory, to develop these.

3.3 The programme has established a Business Readiness Implementation Group which is made up of senior leaders from across NCC and chaired by Sarah Rhoden, Assistant Director, Performance and Governance, Community & Environmental Services.

3.4 We also have a network of over 200 myOracle champions who are supporting their colleagues by bringing an end user focus to the programme and developing two-way communication with colleagues. The champions network has great enthusiasm and engagement and is providing invaluable feedback in developing our business readiness and awareness.

3.5 A readiness survey was run in July to gauge where the organisation is with awareness and readiness for myOracle across four areas – communications, leadership, roles and responsibilities and skills/culture. We received 1245 responses and the overall scores were on track with the targets that we had set for this stage of the programme, and slightly ahead in some areas.

3.6 In addition to the readiness networks we are developing training plans and material which will deliver e-learning for employees and managers and online tutor-led training for professional user groups.

3.7 The focus of the programme is now on base-lining the revised plan and ensuring the configuration and delivery of a viable system for go-live, at the same time as making sure the business is ready to successfully adopt the new system.

3.8 We are also taking the opportunity to work with our delivery partners and transfer knowledge as all team members have returned from their covid response roles and we are able to meet in person.

3.9 Key activities over the next period include:

- Finalising and baselining the revised plan
- Completing final configuration and testing for the EPM module
- Completing and testing all remaining configuration, integrations and internal developments
- Developing training material and delivering the training plan
- Finalising target operating models and processes with the business
- Working with professional teams to finalise the detailed cutover plans
- Delivering the business change plan to take everyone impacted by the programme through the preparation, go-live and embedding of a successful implementation
- Agreeing a phased benefits realisation plan to deliver the full business case

4. Financial Implications

4.1 We are currently finalising the detailed revised plans for an April go-live date and working with our delivery partners to ensure that the plans and resources are in place to achieve a successful go-live.

4.2 The profile of the delivery of benefits will shift to align with the revised go live. This revised benefits profile is being updated as part of the re-planning.

5. Resource Implications

5.1 Staff: The availability of the programme team and subject experts from across the organisation has been impacted by C-19 response activity. A lot of the lost time has been made up however this is largely thanks to the focus and commitment of the team and our business colleagues.

5.2 There continues to be pressure on key project team and business roles and there will be a need to maintain engagement of Agency workers to ensure that we have the necessary expertise in key roles, where direct recruitment has not proved possible.

5.3 Property: N/A

5.4 IT: The relationship between the programme and the IMT is critical for the successful delivery of the programme. There continues to be a close link with the Head of IMT, Geoff Connell is a Programme Board member and was a key panel member in the recruitment of the new Head of Technical Delivery.

6. Other Implications

6.1 Legal Implications: Legal advice is being sought as and when it is required, for example to ensure data management and security provisions are robust.

6.2 Equality Impact Assessment (EqIA)

A high-level EqIA has been prepared. The detailed EqIA is being completed as we move through implementation.

6.3 Any Other Implications:

Officers have considered all the implications which Members should be aware of. Apart from those listed in the report (above), there are no other implications to take into account.

7. Risk Implications/Assessment

7.1 Corporate Select Committee required the project to be added to the Corporate Risk Register. This has been done (risk reference RM027 - Risk of failure of new Human Resources and Finance system implementation). Programme risks are scrutinised through the Programme governance structures.

7.2 The impact of remote working is proving to be more significant than originally hoped and the natural knowledge transfer that would have taken place from Oracle Consulting Services (OCS) to NCC is not taking place. The revised plan will take this into account as much as possible however it assumes that we will be able to continue to meet face to face as we have found that this has proved invaluable over recent weeks. At the time of writing this report there are no future plans for mandated working from home, however we will need to produce contingency plans for this possible scenario.

8. Actions Required

8.1 Select Committee is asked to consider the work completed to date and the next steps and indicate any areas of assurance required for the next meeting.

Background Papers

Cabinet Report – 20 May 2019
Corporate Select Committee report – 28 May 2019
Corporate Select Committee – 14 November 2019
Cabinet Report - 3 February 2020
Corporate Select Committee – 13 July 2020
Corporate Select Committee – 14 September 2020
Corporate Select Committee – 9 November 2020
Corporate Select Committee – 21 January 2021

Officer Contact

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

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INTRAN communication for all

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

Appendix A

Systems which will be replaced by myOracle and accessed by single sign on:

Oracle EBS (inc. iProc)
RMS (recruitment - internal processing)
ATS (recruitment - applicants)
Learning Hub (e-learning and training)
APEX (expenses) also known as 'myHR & Payroll'
Org Plus (organisation structure)
OSHENS (health and safety)
Budget Manager (budgeting)
IMS (financials)
EiS (analytics/reporting)

Corporate Select Committee **Item:9**

Report title:	**Smarter Working Programme Update**
Date of meeting:	**15 November 2021**
Responsible Cabinet Member:	**Cllr Fitzpatrick (Cabinet Member for Innovation, Transformation and Performance)**
Responsible Director:	**Paul Cracknell, Executive Director, Strategy and Transformation**

Introduction from Cabinet Member

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

Executive Summary

A report was presented to the Corporate Select Committee in July 2021. This report outlined the workstreams in progress to deliver the identified benefits and prepare our property and workforce for the move to Hybrid working as part of the Recovery phase.

The controlled re-opening of our office spaces commenced on the 4th October 2021 and this report describes the status of our Smarter Working Programme and the key activities being undertaken to both embed Hybrid working arrangement and activity to shape the next phase of the programme.

The Corporate Select Committee will also receive a presentation at the meeting.

Actions required

The Select Committee are asked to:

1. **Recommend ways in which the Smarter Working Programme can help directorates maintain the benefits realised as a result of the pandemic, including the commencement of the implementation of Hybrid working.**

2. **Acknowledge the ongoing savings programme in the 2021/22 financial year and suggest any further steps that can be taken to maintain the financial benefits and positive service outcomes of the Smarter Working Programme.**

3. **Review the proposed approach to be taken over the next 4 months in shaping phase 2 of the Smarter Working Programme, given the uncertainty due to the**

pandemic that continues to impact our ability to plan with confidence and certainty.

4. **Agree that a further report be made to the Corporate Select Committee, with an updated plan that takes our transformation forward into Phase 2, in March 2022.**

1. Background and Purpose

1.1. Background

Following the report to committee in July 2021 work has continued throughout the summer to deliver Hybrid working outcomes, culminating in the successful, controlled, re-opening of office spaces from the 4th of October.

1.2. Purpose

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

- Provide an update on the status of our Smarter Working Programme, including return to the office and an update on savings progress during the 2021/22 financial year
- Outline the proposed approach for shaping Phase 2 of the Smarter Working Programme

2. Progress

2.1 Smarter working and our workforce: office reopening

A decision was taken to begin expanding the use of our office building from 4th October. Office re-opening commenced, with reduced capacity for infection control purposes. This took a significant effort from colleagues across Corporate Property Team, IMT, HR, all directorates and the Programme Team and they are to be congratulated on successfully creating a safe and effective working environment for colleagues in the circumstances.

The numbers of colleagues returning to the office in October was artificially lowered due to fuel supply chain issues. That, combined with the necessary infection control measures, means that we are unable to get a clear picture of hybrid and smarter ways of working in practice, to inform the next phase of the programme. Therefore, monitoring of the new arrangements will continue until at least the year end, when a representative level of occupancy can inform the next phase of the programme and any changes to relevant policies.

The focus required to achieve this outcome has not detracted from the successful delivery of the Phase 1 programme workstreams but has reduced the time available to plan future phases of the programme. As a result, we are not in a position to provide the Committee with the full Phase 2 plan at this stage.

However, the achievement of this significant milestone has provided us with an appropriate point to commence a review of the Smarter Working Programme. The review will provide a basis for planning of the next phase of activity to achieve our ambitions for Smarter Working.

It should be noted that a refresh scheme is in place that will transform the working environment, such that it becomes a fit-for-the-future workspace, that is attractive and supports our new ways of working. The first phase stages one and two have been delivered for Children's Service and Adult Social Services at Havenbridge, Priory and County Hall. This will be followed by further stages to provide consistency and equality for staff working across all directorates and across the wider office types and locations.

2.2 **What has changed since our July Report?**

Since July the workstreams have been focused on providing a safe and effective environment for colleagues to return to the office. This work was accelerated following the decision to increase office utilisation from 4th October as a result of the lifting of Covid-19 related restrictions in August and has been the predominant focus of our work.

This has culminated in the successful re-opening of our main office buildings at County Hall, Havenbridge House and Priory House, at a reduced capacity for infection control purposes.

Key deliverables to support colleagues during this time and facilitate teams meeting face to face again have included: the development of supporting HR policies; preparation of buildings; refitting of some areas of the buildings to include collaborative spaces; as well as mobile Apps for Desk booking in these sites and Car Park booking at County Hall.

New travel arrangements have also been put in place at County Hall to address the issue of capacity and include a discounted park and ride option. These have been complimented by extensive communications and the creation of the Smarter working Hub on MyNet, a central resource to support colleagues and managers in returning safely to the office and help to embed our new ways of working across the workforce.

As part a "test & learn" approach, the usage and effectiveness of the measures deployed will now be monitored, and feedback sought, over the next 2-3 months as greater numbers of colleagues return and experience their offices under Hybrid Working.

In parallel, "test & learn" activities are underway to determine what solutions are best suited to the organisation's needs for "hybrid meetings"; with the aim of ensuring colleagues joining meeting in either a physical or virtual room having an equitable experience.

This monitoring period provides the ideal time for us to shape and plan the next phase of the programme; while phase 1 has focused inwardly on colleagues and Hybrid working, phase 2 will focus on transformation of the way Directorates deliver outcomes to Citizens, Communities, Service users and Businesses in collaboration with Partner Organisations.

2.3 **Carbon Footprint / Net Zero update**

The report to Cabinet on 8th November 2021 "Natural Norfolk: Progress on delivering the Environmental Policy" provided a full update to Members on this topic.

A number of aspects of this report overlap with Smarter Working outcomes, including: a reduction in carbon footprint through reduced commuting to offices and travel for work purposes; the use of electric vehicles for NCC business purposes; planned incentives for staff to adopt electric vehicle use. In addition, Smarter Working workstreams have been responsible for reduction in postage and printing and conversion of paper files to electronic media.

As outlined in section 2.1 we are now monitoring workforce behaviour as Hybrid Working matures, with a particular focus on understanding how levels of commuting and business travel increase over time, following the re-opening of offices.

We will continue to track the financial benefits of these initiatives during this monitoring period and anticipate that Phase 2 of the programme will seek to actively drive the adoption of working practices and policies that help to sustain these benefits in the long term.

2.4 **2021/22 Financial Year Savings**

The Finance Monitoring Report 2021-22 P6 report to November Cabinet forecast full delivery of the business transformation savings built into the 2021-221 budget.

Although 2021-22 savings are currently forecast to be delivered, risks have been highlighted in the Finance Monitoring Report:

Adult Social Services - ASC036 Maximising potential through digital solutions: Elements which are uncertain are those relating to flexible and mobile working - in response to Covid-19 teams are now operating differently and benefits previously identified are not likely to be realised, and the E-brokerage system - has not progressed due to Covid-19. These items may be mitigated by other digital savings including contract management which are currently being investigated.

Children's Services - Despite the pressures being seen by the department, at this stage it is anticipated that all budgeted savings within Children's Services will be delivered in 2021-22, although it should be noted that there are significant stresses within the system due to the ongoing impact of the pandemic that are diverting resources away from the transformation programme. These significant influences are beyond the Council's control and continue to make delivery of the transformation programme (and, therefore, savings) difficult considering the ongoing recovery work, ongoing direct Covid-related impacts including self-isolation of staff, increases in demand seen and further waves.

Expected delivery of savings will continue to be kept under close review. The 2021-22 Smarter Working Programme savings are:

- Facilitation of increased remote working has led to a significant reduction in travel for many colleagues with mileage budgets delivering an underspend of £2.373m in 2020-21. However, some uplift is expected in 2021-22 as some travel recommences. This will be reviewed in conjunction with the Net Zero programme to ensure a considered approach to travel that puts the needs of our service users at the fore whilst managing the costs and carbon impacts.

- Work continues at pace to realise savings in digitising print, post and scan, with accelerated implementation of inbound and outbound digital post and digital signatures. Across the County Council, digital is now becoming the records management standard. Postage budgets delivered an underspend of £0.143m in 2020-21

- A significant portion of staff working from home and no longer printing as a matter of course, as well as more targeted initiatives that are reducing the need to print documents, allowed printing budgets to deliver an underspend of £0.365m in 2020-21

Any opportunities for recurring savings from reduced expenditure in 2021-22 will be captured in departmental savings as part of the 2022-23 budget setting process.

3. Phase 2 Planning

3.1. Phase 2 planning commenced in early October 2021, starting with consultation on "lessons learned" from phase one.

Aligning phase 2 of the programme to the refreshed NCC Strategy (currently being produced), in collaboration with each Directorate, is a key outcome to ensure the programme delivers improvements to Citizen and Service User outcomes as well as continuing to evolve the Hybrid working environment for the benefit of all colleagues.

The planning phase is expected to run until early 2022 alongside delivery of the final elements of phase one in terms of early enablers, initial hybrid working and return to the office activities. The programme will focus on the elements that require cross-directorate activity to deliver the desired outcomes and benefits as well as ensuring good practice from one area can be easily leveraged by all others.

In addition, the planning phase will identify the foundational deliverables that need to be embedded to support directorates in innovating and sustaining benefits beyond the life of the programme.

4. Actions required

4.1. **The Select Committee are asked to:**

1. **Recommend ways in which the Smarter Working Programme can help directorates maintain the benefits realised as a result of the pandemic, including the commencement of the implementation of Hybrid working.**

2. **Acknowledge the ongoing savings programme in the 2021/22 financial year and suggest any further steps that can be taken to maintain the financial benefits and positive service outcomes of the Smarter Working Programme.**

3. **Review the proposed approach to be taken over the next 4 months in shaping phase 2 of the Smarter Working Programme, given the uncertainty due to the pandemic that continues to impact our ability to plan with confidence and certainty.**

4. **Agree that a further report be made to the Corporate Select Committee, with an updated plan that takes our transformation forward into Phase 2, in March 2022.**

Officer Contact

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

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Version 1.0

Corporate Select Committee

Item No:10

Report Title: Strategic and Financial Planning 2022-23

Date of Meeting: 15 November 2021

Responsible Cabinet Member: Cllr Andrew Jamieson (Cabinet Member for Finance)

Responsible Director: Simon George (Executive Director of Finance and Commercial Services)

Executive Summary
The process to develop the 2022-23 Budget is underway in line with the details set out in the report to Select Committees in July 2021. The latest update on budget-setting, incorporating initial details of the implications of the Spending Review 2021, is provided in the November Cabinet report *Strategic and Financial Planning 2022-23*, appended to this report.

This report responds to feedback from Select Committees in July 2021 and provides an opportunity for the Select Committee to provide its views on the detailed budget proposals for the services within its remit which are being taken forward to public consultation (subject to Cabinet decisions 8 November 2021). As such this report forms an important part of the process of preparing the 2022-23 Budget, and will enable the Select Committee's views on proposals to form part of the Cabinet's considerations when it makes recommendations about the Budget to Full Council in February 2022.

Action Required

The Select Committee is asked to:

1. Consider and comment on the budget proposals for the services within its remit which are being taken forward to public consultation, to inform Cabinet's recommendations to County Council on the 2022-23 Budget in February 2022.
2. In light of the requirement for a further £5m savings, identify any further areas which the Select Committee consider should be explored to deliver 2022-23 saving proposals.

1. Background and Purpose

1.1. Cabinet has previously agreed that Select Committees have a role in the 2022-23 budget process and requested that Select Committees consider the areas for savings in the services falling within their remit. Cabinet has therefore now invited Select Committees in November 2021 to comment on the detailed saving proposals set out in the *Strategic and Financial Planning 2022-23* Cabinet report.

1.2. The appended Cabinet report sets out the latest information about the 2022-23 Budget, including details of the initial assessment of the Spending Review and Autumn Budget 2021. Specific implications will be confirmed in the provisional settlement, expected in early December. The Cabinet report also provides an update about the financial strategy for each service Department and details the savings proposals currently being brought forward in each area, to support Select Committee discussion and enable them to provide input to future meetings of Cabinet to inform budget decisions.

2. Proposal

2.1. The appended report to November Cabinet provides an update on the developing 2022-23 Budget and associated MTFS. To inform Select Committee discussion of the budget position it also:

- Provides an initial summary of announcements made at the Spending Review 2021 and Autumn Budget.
- Summarises the latest position in relation to some of the significant uncertainties facing local government finances as a result of COVID-19 and other issues.
- Sets out details of risks to the MTFS position for 2022-23 onwards. This position will continue to be kept under review and updated throughout the remainder of the Budget process.
- Provides an overview of some of the key issues facing services in relation to their financial strategy, pressures, risks and uncertainties and details the saving proposals identified by each Service in order to contribute to meeting the targets agreed by Cabinet in July.

2.2. The Select Committee's views are sought in relation to the services within its remit on (1) key issues for 2022-23 budget setting and (2) the savings proposed for 2022-23, in order to help shape budget and saving proposal development for 2022-23, assist in the identification of key pressures and priorities for the 2022-23 Budget, and (ultimately) to inform the budget proposals to be considered by October Cabinet prior to consultation.

2.3. Select Committees may wish to particularly focus on the service strategy and saving proposals within the following sections of the appended Cabinet report:

Select Committee	Service area(s)	Cabinet report section
Corporate Select Committee	• Strategy and Transformation • Governance • Finance and Commercial Services / Finance General	Section 10 Section 11 Section 12
Infrastructure and Development	• Community and Environmental Services	Section 9
People and Communities	• Adult Social Services • Children's Services	Section 7 Section 8

3. Impact of the Proposal

3.1. Select Committee commentary on saving proposals will help to ensure proposals are fully considered and Cabinet recommendations are informed by wide consultation and engagement. Further impacts are set out in the appended Cabinet paper.

4. Evidence and Reasons for Decision

4.1. Select Committee input will support scrutiny of budget proposals and thereby contribute to Cabinet’s recommendations in relation to the 2022-23 budget setting process. Further details are as set out in appended Cabinet report.

5. Alternative Options

5.1. In light of the requirement set out in the appended Cabinet report for a further £5m of savings, Select Committee may wish to identify and propose additional areas for savings which could be explored. Further details of alternative options are set out in the appended Cabinet paper.

6. Financial Implications

6.1. As set out in appended Cabinet report.

7. Resource Implications

7.1. **Staff:** As set out in appended Cabinet report.

7.2. **Property:** As set out in appended Cabinet report.

7.3. **IT:** As set out in appended Cabinet report.

8. Other Implications

8.1. **Legal Implications:** As set out in appended Cabinet report.

8.2. **Human Rights Implications:** As set out in appended Cabinet report.

8.3. **Equality Impact Assessment (EqIA) (this must be included):** As set out in appended Cabinet report.

8.4. **Data Protection Impact Assessments (DPIA):** As set out in appended Cabinet report.

8.5. **Health and Safety implications (where appropriate):** As set out in appended Cabinet report.

8.6. **Sustainability implications (where appropriate):** As set out in appended Cabinet report.

8.7. **Any Other Implications:** As set out in appended Cabinet report.

9. Risk Implications / Assessment

9.1. As set out in appended Cabinet report.

10. Recommendations

10.1. The Select Committee is asked to:

1. Consider and comment on the budget proposals for the services within its remit which are being taken forward to public consultation, to inform Cabinet's recommendations to County Council on the 2022-23 Budget in February 2022.
2. In light of the requirement for a further £5m savings, identify any further areas which the Select Committee consider should be explored to deliver 2022-23 saving proposals.

11. Background Papers

11.1. Background papers as set out in appended Cabinet report, plus:

Strategic and financial planning 2022-23, Corporate Select Committee, 12/07/2021, agenda item 10

Strategic and financial planning 2022-23, Infrastructure and Development Select Committee, 14/07/2021, agenda item 11

Strategic and financial planning 2022-23, People and Communities Select Committee, 12/07/2021, agenda item 10

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Cabinet

Decision making report title:
Strategic and Financial Planning 2022-23

Date of meeting: 08 November 2021

Responsible Cabinet Member: Cllr Andrew Jamieson (Cabinet Member for Finance)

Responsible Director: Simon George (Executive Director of Finance and Commercial Services)

Is this a key decision? ~~Yes~~/No

If this is a key decision, date added to the Forward Plan of Key Decisions: N/a

Introduction from Cabinet Member

This report represents a key milestone in the development of the 2022-23 Budget and provides an opportunity for Cabinet to consider saving proposals prior to wider consultation.

For 2022-23, budget planning is once again being undertaken in highly challenging circumstances. In the current year, 2021-22, the Council continues to deal with the service and financial implications of the COVID-19 pandemic. It remains to be seen precisely what the longer term impact of COVID-19 will be on local government cost pressures, but they are certainly likely to be significant over the medium term. As set out later in this report, the Spending Review 2021 announcement on 27 October has given some clarity about additional funding for local government, council tax and adult social care precept referendum thresholds, the overall trajectory for local government funding, and some limited further indications about the Government's funding plans for social care. Nevertheless, in this context, the timing of the Local Government settlement, which will be crucial to provide detailed information on individual allocations, remains to be announced.

Although it is to be welcomed that Government in September published an outline of its plans to reform social care, it remains a vital concern that most of the additional funding within the package will not be available to local government (as the NHS has been prioritised in the first three years), and this has been confirmed in the Spending Review. In addition, other key reforms to local government funding including the Fair Funding Review, and reforms to Business Rates retention / localisation have been repeatedly delayed. With no mention of these being made at the Autumn Budget, it appears likely that they will be postponed again beyond 2022-23.

It is in this context of continuing uncertainty that the Council has developed proposals for the 2022-23 Budget. A range of issues are at this stage unknown with the potential to have a material impact on the level of resources available to Norfolk County Council to deliver services in the future. It therefore remains the case that it will be critical to bring forward balanced, sustainable budget proposals which will enable the Council to continue to deliver the key services which are relied on by all Norfolk's people, businesses and visitors.

Executive Summary

As in previous years, this report forms a key part of the budget planning process for 2022-23, setting out an overview of the new saving proposals which have been developed to support in closing the Council's overall gap position as forecast in the Medium Term Financial Strategy agreed by Full Council in February 2021. It summarises the proposed approach to public consultation on, and equality impact assessments of, the 2022-23 Budget and describes the emerging service budget pressures which have been identified to date, alongside a summary of the budget strategy for each service, and details of key areas of risk and uncertainty. The Strategic and Financial Planning report should be read in conjunction with the latest Financial Monitoring report for 2021-22 as set out elsewhere on the agenda. Together, these two reports provide an overview of the Council's current and future financial position.

As set out throughout this report, significant uncertainty remains around the planning position for 2022-23, and this report therefore also summarises the next steps required in the process leading to budget-setting in February 2022. The Budget planning process for 2022-23 has been developed to provide a degree of flexibility to respond to changing circumstances. In this context, the report provides the latest details of key areas of wider risk and uncertainty for Cabinet to consider. The MTFS position will continue to be updated in light of future government funding announcements, and as the scale of the impact of both social care reform announcements and any implications of winter pressures (COVID or otherwise) on the Council become clearer. This will be reported to January 2022 Cabinet and considered by Scrutiny Committee as the budget setting process progresses to its conclusion at Full Council in February.

Cabinet decisions based on the information in this report will ultimately help to support the development of a robust, balanced 2022-23 Budget for the Council.

Recommendations:

1. **To consider and comment on the County Council strategy as set out in section 2 and how the Budget process is aligned to the overall policy and financial framework;**

2. **To consider the potential implications of Government announcements about Social Care, the considerable uncertainty remaining in respect of these, which may result in additional cost pressures in the medium to longer term, and agree that these should be reflected, where possible, in the 2022-23 Budget;**

3. **To consider the latest details of announcements made at the Spending Review 2021 and Autumn Budget 2021, and note that the outcome of these national funding announcements, alongside the Local Government Finance Settlement, will have potentially significant impacts on the 2022-23 Budget position, which will not be fully known until later in the process;**

4. **To consider and agree for planning purposes the latest assessment of significant areas of risk and uncertainty around emerging budget pressures for the 2022-23 Budget and Medium Term Financial Strategy, which remain to be resolved and which may have a material impact on budget planning (paragraph 13.4);**

5. **To confirm that Cabinet's intention is to seek, as planned, a total council tax increase of 2.99% for 2022-23 made up of 1.99% general council tax and 1.00% adult social care precept deferred from 2021-22;**

6. **To direct Executive Directors to seek to identify further recurrent savings of £5.000m and to report to Cabinet in January 2022;**

7. **To agree to undertake a full review of how the Council operates to deliver its future services and strategy;**

8. **To have regard to the Executive Director of Finance and Commercial Services' advice about the sustainability of the Medium Term Financial Strategy position (section 13), noting the wider uncertainty about funding levels and cost pressures for 2022-23 and 2023-24, and therefore to agree to consult the public on a range of council tax increases including the maximum increase available within the referendum threshold, in order to provide Full Council with the scope to use the full range of Council Tax flexibility, if required, when setting the 2022-23 Budget in February 2022;**

9. **To consider and agree the proposed savings as set out in sections 7-12 (tables 5-10) to be taken forward in budget planning for 2022-23, subject to final decisions about the overall Budget in February 2022, noting the level of savings already included from the 2021-22 Budget process (table 2);**

10. **To agree that public consultation (as set out in section 5) and equality impact assessment (as set out in section 21) be undertaken on the 2022-23 Budget and saving proposals as set out in sections 7-12 (tables 5-10), and the level of council tax and Adult Social Care precept for 2022-23, as set out in section 14 and table 11;**

11. **To note the responsibilities of the Executive Director of Finance and Commercial Services under section 114 of the Local Government Act 1988 and section 25 of the Local Government Act 2003 to comment on the robustness of budget estimates as set out in section 13, and having regard to the level of savings required for 2023-24, to direct Officers to bring forward proposals to support early development and identification of saving proposals for 2023-24 with a focus on transformational activity;**

12. To agree the proposed next steps in the Budget planning process for 2022-23, and the remaining Budget planning timetable (Appendix 1); and

13. To note and thank Select Committees for their input into the Budget development process for 2022-23 in July, and to invite Select Committees to comment further on the detailed saving proposals set out in this report when they meet in November 2021 (section 23).

1. Background and Purpose

1.1. The County Council agreed the 2021-22 Budget and Medium Term Financial Strategy (MTFS) to 2024-25 at its meeting 22 February 2021. This report provides an update on the developing 2022-23 Budget and associated MTFS. To inform discussion of the budget position it also:

- Provides an initial summary of announcements made at the Spending Review 2021 and Autumn Budget.
- Summarises the latest position in relation to some of the significant uncertainties facing local government finances as a result of COVID-19 and other issues.
- Sets out details of risks to the MTFS position for 2022-23 onwards. This position will continue to be kept under review and updated throughout the remainder of the Budget process.
- Provides an overview of some of the key issues facing services in relation to their financial strategy, pressures, risks and uncertainties and details the saving proposals identified by each Service in order to contribute to meeting the targets agreed by Cabinet in July.

1.2. This report represents the next important stage in the Council's 2022-23 Budget setting process and brings together a range of information, to enable Cabinet to consider the emerging saving proposals and to agree the approach to public consultation and equality impact assessments for 2022-23. Ultimately, it is intended to support the Council in developing the 2022-23 Budget and considering savings proposals which will assist in delivering a balanced budget for the year.

1.3. The content of the report is based on circumstances that are changing frequently and therefore some areas may become superseded by new information on an ongoing basis.

2. Strategic Context

COVID-19

2.1. Over the past 18-months, COVID-19 has presented local government with new and unprecedented challenges, and Norfolk County Council has taken a leading role in the ongoing local response, working in partnership with national government and local partners to meet community needs.

2.2. Some of the main issues we faced before COVID-19 have been exacerbated, including population changes, social, economic and health inequalities, rising demand for services and support, workforce challenges in key sectors such as the care market, funding reductions and constraints.

2.3. Whilst the country moves into a process of recovery, challenges arising from COVID-19 continue, and responding to this effectively and helping individuals, communities, and businesses to recover is critical.

Policy context

2.4. The Government's plans for building back better post-COVID, aims to:

- support growth through investment in infrastructure and connectivity, skills and innovation;
- level up the whole of the UK;
- deliver world leading health and social care;
- support the transition to net zero; and,
- strengthen the vision of a Global Britain.

2.5. The Government plans to introduce a Levelling Up White Paper this year. For us, levelling up is about creating the conditions for people to have good and healthy lives, regardless of who they are or where they live. It is about removing discrimination and barriers to equal lives, and enabling all people to participate in their communities. And it is about ensuring that Norfolk claims its fair share of investment to drive growth and prosperity, and is not left behind. County councils are expected to play a leading role in delivering these better outcomes, and we are keen to pursue the prize of a deal with government, drawing together a county wide strategic plan with partners to leverage more money and powers into the county, for the benefit of the county.

2.6. A Health and Care Bill laid before Parliament in July 2021 brings the opportunity to shape a joined-up health, wellbeing and social care system to improve the health and wellbeing of communities, alongside tackling inequalities. In September 2021, the Prime Minister introduced further plans for health and social care, announcing a new Health and Social Care Levy and reforms to the way social care is charged. The pandemic has reinforced the need for a long-term plan for social care and these announcements are an important step towards changing the way social care is funded and paid for. Whilst we await further information on funding allocations to local government and the forthcoming Social Care White Paper, due in Autumn 2021, which will set out further detail on the proposed reforms to social care, our ambition is to strengthen the council's role in the integrated care system and embed prevention across all our strategies.

2.7. The UK Government has published its net zero strategy, introduced a legally binding target to reduce greenhouse gas emissions to net zero by 2050, outlined a 10-point plan for a Green Industrial Revolution, and an Environment

Bill is currently making its way through parliament. Councils will play a crucial role in translating these national climate ambitions into transformative action.

County Council Strategy and Transformation

2.8. Our *Better Together, For Norfolk* strategy builds on our previous council plan, sharpening our focus for the next four years to support recovery and renewal. The strategy sets out the Council's strategic priorities and provides the platform for the Council to drive a whole-system approach to delivering a better future for Norfolk.

2.9. The strategy sets out five, interlinked, priorities:

- **A vibrant and sustainable economy**
- **Better opportunities for children and young people**
- **Healthy, fulfilling and independent lives**
- **Strong, engaged and inclusive communities**
- **A greener, more resilient future**

2.10. Our strategy will be underpinned by a corporate delivery plan containing the projects that will move us towards our objectives and the measures to track our progress.

2.11. The Council's transformation programme is core to these ambitions. In all that we do, we will continue to be guided by four core principles that frame our work:

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

2.12. This report sets out an approach for the budget process that takes account of this context.

3. National financial context, Spending Review 2021 and Social Care funding reform

3.1. On 7 September, the Government launched the Spending Review 2021, which concluded alongside the Chancellor's announcement of the Autumn Budget 2021 on 27 October 2021. The Spending Review launch set out several priorities to "Build Back Better," including:

a) Ensuring strong and innovative public services – making people's lives better across the country by investing in the NHS, education, the criminal justice system and housing;

b) Levelling up across the UK to increase and spread opportunity; unleash the potential of places by improving outcomes UK-wide where they lag and working closely with local leaders; and strengthen the private sector where it is weak;
c) Leading the transition to Net Zero across the country and more globally;
d) Advancing Global Britain and seizing the opportunities of EU Exit;
e) Delivering our Plan for Growth - delivering on our ambitious plans for an infrastructure and innovation revolution and cementing the UK as a scientific superpower, working in close partnership with the private sector.

3.2. A summary of the County Council's response to SR21 was reported to Cabinet in October. As has been the case with previous announcements, it was a major concern that Local Government appeared as though it would be largely "unprotected" and therefore anticipated to contribute as part of the wider requirement to make efficiencies. The Chancellor of the Exchequer, Rishi Sunak, said "*At the Spending Review…I will set out how we will continue to invest in public services and drive growth while keeping the public finances on a sustainable path.*"[1] In launching the Spending Review, the Chancellor asked Government Departments to identify "*at least 5% savings and efficiencies from their day-to-day budgets*."

3.3. Also on 7 September, Government published the Build Back Better plan for health and social care[2], including a £36bn funding commitment shared between both systems across the UK over three years starting in 2022-23. This was to be followed by a White Paper for Social Care in the Autumn, although this now appears as though it will be delayed until towards the end of the year. The Government intends to consult on a National Plan for integration of Health and Care.

3.4. The £36bn represents £12bn per year for three years for Health and Care to be funded by 1.25% increases in National Insurance (which is ultimately to become a "Health and Care levy"), and dividend tax from April 2022. The plan states that Government intends to compensate public sector employers at the Spending Review for the increased cost of the Levy. The Council awaits the detail to understand how this will be distributed and whether it will be adequate to cover the associated cost pressure.

3.5. In the short (and potentially longer) term, most of the funding will go to the NHS but £5.4bn over the three years has been committed for social care to fund reforms. Further details were provided in the Autumn Budget and are set out below.

3.6. Government intends to consult on funding distribution and charging reforms. In spite of these recent announcements, significant uncertainty remains, particularly around funding levels for 2022-23 and the longer term share of funding between social care and health. Significantly, the Build Back Better plan set out that Government expects that "*demographic and unit cost*

[1] https://www.gov.uk/government/news/chancellor-launches-vision-for-future-public-spending
[2] https://www.gov.uk/government/publications/build-back-better-our-plan-for-health-and-social-care

pressures" will be met "*through council tax, social care precept, and long-term efficiencies.*"[3] This is a key issue which requires funding, and each year broadly represents an £18-20m cost pressure for Norfolk.

3.7. The Chancellor announced the outcome of SR21 alongside the Autumn Budget 2021 on 27 October.[4] At the time of writing this report, the key financial headlines for local authorities and initial budget implications identified for Norfolk County Council include:

- SR21 has set out details of departmental allocations for the period 2022-23 to 2024-25. This may provide the Department for Levelling Up, Housing and Communities (DLUHC) with scope to set out a long term Local Government finance settlement covering the same time period. The Autumn Budget and Spending Review 2021 document states: "*SR21 provides a multi-year settlement to enable local authorities to support the ambition to level up communities across the country, with an estimated average real-terms increase of 3% a year in core spending power.*"[5]

- SR21 confirms that £5.4bn of funding for adult social care reform is being provided from the changes to national insurance announced as part of the Build Back Better plan. **SR21 sets out that £3.6bn of this will be routed to Local Authorities** as part of the settlement to implement the cap on personal care costs and changes to the means test, and "*support local authorities to better sustain their local care market by moving towards a fairer cost for care. Further detail will be set out by the government in due course.*"[6] It appears that the £3.6bn will be heavily weighted towards 2023-24 and 2024-25 in line with the timing of the associated reforms. The remaining funding of £1.7bn is held within the Department of Health and Social Care (DHSC) budget to be deployed over three years "*to improve the wider social care system, including the quality and integration of care. At least £500 million of this will be allocated to improve qualifications, skills and wellbeing across the adult social care workforce*."[7] It is important to note that **this funding will have significant additional cost pressures associated with it**. These remain to be fully understood as the Government provides further details. The distribution methodology for the funding is also unknown at this stage.

- SR21 provides £4.8bn of "new grant funding", which will be distributed as £1.6bn in each of the next three years. This is in addition to the funding to implement social care reform. The document states that this funding "*ensures the government can reform social care, increase investment in supporting vulnerable children and enable local authorities to continue to*

[3] https://www.gov.uk/government/publications/build-back-better-our-plan-for-health-and-social-care/build-back-better-our-plan-for-health-and-social-care#our-plan-for-adult-social-care-in-England
[4] https://www.gov.uk/government/publications/autumn-budget-and-spending-review-2021-documents
[5] *Autumn Budget and Spending Review 2021*, paragraph 2.30, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1028814/Budget_AB2021_Web_Accessible.pdf
[6] *Autumn Budget and Spending Review 2021*, paragraph 4.56
[7] *Autumn Budget and Spending Review 2021*, paragraph 4.8

provide the other local services that people rely on."[8] Some of this funding is earmarked for specific initiatives (including £200m for supporting families, £37.8m for cyber resilience) leaving an estimated £1.5bn to be distributed to Local Authorities in the settlement each year. It is unclear at this stage how the £1.5bn will be distributed including what proportion will be allocated for social care specifically and on what basis. This could have a material impact on the amount received by Norfolk. Further details are awaited but from Government announcements so far, this is expected to bring in additional funding for the Council. Two areas of concern that need to be recognised are::
    - SR21 indicates a front loaded uplift in funding of £1.5bn in 2022-23 but no further increases in this funding for the remainder of the period. This would imply that cost pressures from 2023-24 onward will need to be met entirely through council tax increases (within the 3% threshold), and cost savings. In other words, the funding of £1.5bn will be repeated each year until 2024-25 but will not be increased. The sustainability of this, and longer term implications, will need to be reviewed when details are published at the Settlement.
    - SR21 appears not to include any separate funding to meet the cost pressure of the national insurance increase / health and social care levy of 1.25%. It is understood that this is to be covered by the "new grant funding" and represents a cost of approximately £3m to the Council which will erode some of the uplift in funding which ultimately flows through.

- SR21 confirms that the core council tax referendum threshold is expected to remain at 2% per year over the period. In addition, local authorities with social care responsibilities are expected to be able to increase the adult social care precept by up to 1% per year to 2024-25.[9] This is understood to be a new precept flexibility which would be distinct from any scope for a deferred increase in the precept from 2021-22 which individual authorities may have (the County Council deferred 1%).

- While the Chancellor's speech acknowledged that the "*Budget does not draw a line under Covid; we have challenging months ahead,*"[10] there was no new funding for 2022-23 announced for any additional COVID-19 pressures within local government.

- The Budget included a number of other funding announcements with implications for local authorities (reference to Autumn Budget document in brackets), including:
    - Public Health grant will be maintained in real terms "*enabling local authorities to invest in prevention and frontline services like child health visits*" (4.7)
    - Children's Services:

[8] *Autumn Budget and Spending Review 2021*, paragraph 2.31
[9] *Autumn Budget and Spending Review 2021*, paragraph 4.59
[10] https://www.gov.uk/government/speeches/autumn-budget-and-spending-review-2021-speech

        - £560 million in youth services in England over the next three years (2.129)
        - £500 million over the next three years to transform ‘Start for Life’ and family help services in half of the council areas across England. This will include £18 million in 2024-25 to create a network of family hubs to improve access to services for families, £20 million in 2024-25 for parenting support (4.14) and an extra £200m in the Supporting Families programme. (2.130)
        - £170 million by 2024-25 to increase the hourly rate to be paid to early years providers, to deliver the government’s free hours offers. (4.14)
    - Schools and education:
        - An additional £4.7 billion by 2024-25 for the core schools’ budget in England, over and above the SR19 settlement for schools in 2022-23. (2.20)
        - A new package of £1.8 billion over the SR period for education recovery. This includes a £1 billion Recovery Premium for the next two academic years to help schools to deliver evidence-based approaches to support the most disadvantaged pupils. It also provides £324 million in 2024-25 for additional learning hours for 16-19 year-olds.
        - The holiday activities and food programme will also continue to receive funding of around £200 million a year. (4.57)
        - The government is increasing capital investment to create 30,000 school places for children with special educational needs and disabilities (SEND) in England with £2.6 billion over the SR21 period. (2.21)
        - There was no announcement in relation to addressing accumulated Dedicated Schools Grant deficits.
    - Employment and skills:
        - The government will raise government spending on skills and training by £3.8bn over the parliament, an increase of 42%. This will be used to expand access to high-demand Level 3 courses and Skills Bootcamps; invest £2.8 billion of capital investment in skills; and increase apprenticeship funding, including extending the £3,000 apprenticeship hiring incentive until 31 January 2022 (2.92)
        - The government will cut the taper rate on Universal Credit (effectively, how much UC payment a claimant receives as they earn from work) from 63% to 55%. (2.94)
        - The government will launch a UK-wide numeracy service called Multiply which will help 500,000 adults improve their numeracy. (2.55)
    - Infrastructure and housing:
        - £21bn on roads and £46bn on railways to improve journey times between cities.
        - £2.7 billion over the next 3 years for local roads maintenance. (4.64)

    - Reconfirms £11.5bn to build up to 180,000 new affordable homes. This includes a previously announced £1.8 billion to deliver new homes on 15,000 hectares of brownfield land. (2.132)
    - £1.7bn of funding in the first grants from the Treasury's Levelling Up Fund, for towns and cities including Stoke-on-Trent, Leeds, Doncaster and Leicester. (2.144)
    - Continuing the £5 billion investment in Project Gigabit to support the rollout of gigabit capable broadband in hard-to reach areas across the whole of the UK. The government will also provide £180 million over the next three years as part of its £500 million investment in the Shared Rural Network, to deliver 4G mobile coverage to 95% of the UK. (3.35)
    - £639 million resource funding by 2024-25, a cash increase of 85% compared to 2019-20 as part of the government's commitment to end rough sleeping. (2.26)
    - In Norfolk:
        - £39 million of investment for Norwich, including funding for a new mobility hub at Norwich Rail Station through the Transforming Cities Fund (pre-existing commitment)
        - Land Release Fund: £2.3 million towards the 'Heart of Greenstead' regeneration project in Colchester; and almost £860,000 towards the Middlegate Estate in Great Yarmouth (pre-existing commitment).
        - £2.6 billion (nationally) for local road upgrades over this Parliament including the Great Yarmouth Third Crossing, A140 Long Stratton Bypass in Norfolk as well as the Lake Lothing Third Crossing in Suffolk (pre-existing commitment).
        - £24 billion (nationally) for strategic roads investments including the A428 Black Cat to Caxton Gibbet and six A47 dualling and upgrade schemes (pre-existing commitment).

- In relation to Business Rates, the government has published the final report as part of the Fundamental Review of Business Rates. The Chancellor announced:
    - A number of new reliefs including a freeze in the multiplier in 2022-23; and a further 50% discount for retail, hospitality, and leisure businesses in 2022-23. SR21 confirms local authorities will be fully compensated for all measures announced in the review. (4.61)
    - A shift to more frequent revaluations taking place every three years starting in 2023.

- Some of the announcements made at SR21 are likely to gives rise to additional cost pressures for local authorities. Aside from the significant risks and pressures associated with social care reform detailed above, these include:

- The impact of the ending of the public sector pay freeze "*as the recovery in the economy and labour market allows a return to a normal pay setting process.*" (1.83). While not directly impacting local government pay awards, wider public sector pay increases are likely to put further pressure on local government pay negotiations.
- A 6.6% increase to the National Living Wage (NLW) from £8.91 to £9.50 an hour, starting on 1 April 2022 (2.96). In broad terms every 1p increase equates to a £0.200m pressure for Adult Social Care via increased provider costs. Increases in the NLW therefore represent a major driver of the council's cost pressures which will need to be met through the additional grant funding, council tax, or savings.
- SR21 included Office for Budget Responsibility (OBR) forecasts for inflation (CPI) to run at 4% in 2022 before dropping back to around 2% by 2025. The Council's current budget planning assumes CPI of 2% and increases represent a material pressure.

3.8. It is likely that further details will emerge over the next few days and weeks leading up to the announcement of the provisional Local Government Finance Settlement (currently expected in early December), which may have further impacts upon the Council's budget setting assumptions. These will be reflected in future reports to Cabinet as appropriate.

4. Medium Term Financial Strategy and key assumptions

4.1. The Medium Term Financial Strategy (MTFS) agreed in February 2021 reflected the following assumptions:

- COVID-19 pressures cease after 2021-22;
- 2021-22 funding levels continue in 2022-23 (excluding COVID-19 funding);
- Pay inflation assumed at 3%;
- 1.99% council tax increase in all years, 1% ASC precept increase (2022-23 only);
- Limited tax base growth (0.5% in 2022-23, 0.75% 2023-24 and 1.0% thereafter);
- Collection fund deficit £2.4m 2022-23, £0.6m 2023-24, £0 2024-25.

4.2. The starting point for 2022-23 budget setting is the MTFS gap of £39m, as shown below.

Table 1: MTFS gap 2022-23 to 2025-26

	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
Cost pressures and funding decreases	58.164	45.629	40.522	31.372	**175.687**
Change in forecast council tax income	-16.882	-14.390	-14.822	-14.604	**-60.697**
Existing planned savings in 2021-22 MTFS	-2.245	-1.600	-2.500	0.000	**-6.345**
Gap as reported to July 2021 Cabinet	**39.037**	**29.639**	**23.200**	**16.768**	**108.645**

4.3. Planned savings already included in the 2021-25 MTFS agreed by Council in February total £47.524m. Savings to close the forecast 2022-23 MTFS gap of £39.037m are required in addition to existing savings of £2.245m, as well as successful delivery of the savings of £41.179m which are included for 2021-22.

Table 2: Existing MTFS savings planned for 2021-22 to 2024-25

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

4.4. The forecast gap is kept under continuous review through the Budget process. However, it is not proposed to update the forecast budget pressures from the MTFS position at this point, taking into account the wider uncertainty about local authority finances and both government funding announcements and the lack of updated forecasts for local income streams including council tax and business rates. It is nevertheless important to note that as at November 2021, further significant revenue budget pressures are beginning to emerge in relation to items such as specific Government funding ceasing, the National Living Wage, further service specific pressures, and pressures linked to COVID-19. Further details of these are provided in section 13. This overall increasing gap position reflects the fact that local authorities continue to face a growing shortfall between funding and service pressures, which is caused in large part by a combination of demographic changes, unfunded burdens, policy decisions, and the needs of vulnerable social care users becoming increasingly complex.

5. Proposed consultation process for 2022-23 budget

5.1. The Medium Term Financial Strategy for 2022-23 agreed in February 2021 assumed that core council tax will increase overall by 1.99%, and that the Adult Social Care precept will be increased by 1% (reflecting the deferred increase from 2021-22). The report also set out that if the referendum threshold were increased in the period 2022-23 to 2024-25 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 full advantage of any flexibility in view of the council's overall financial position.

5.2. As part of the Spending Review 2021 (SR21) announcement 27 October, the Chancellor set out the expectation that for each year of the SR21 period, a referendum threshold of 2% would be set for core council tax, along with scope for a 1% increase in respect of the Adult Social Care precept. In 2022-23 this is understood to be in addition to any deferred ASC precept flexibility from 2021-22. This would mean Norfolk County Council has the option to increase council tax by up to 4% in 2022-23 and 3% each year thereafter to 2025-26. Government has historically assumed that councils will raise the maximum council tax available to them and this has been repeated in the core spending power assumptions published as part of SR21. In light of the announcements at SR21, and the overall financial position, it is proposed to consult the public to understand views about potential council tax and adult social care increases of 2.99% and 4% in total, in order to support Member decision making in February 2022. It should be noted that the level of council tax is a decision for Full Council each year; it is therefore prudent to consult on the full range of available options to inform Member decision-making. As in previous years we are inviting comments on the level of council tax through our consultation hub on Citizen Space.

5.3. We will publish our budget consultation, including details of all new saving proposals for 2022-23 on the Council's online consultation hub, Citizen Space. We will produce large print, downloadable and easy read versions as standard and make any consultation documents available in other formats on request.

5.4. As well as alerting key stakeholders to the consultation, we will promote opportunities for people to have their say on budget proposals and council tax through news releases, online publications and social media. We will also be sharing our consultation with members of the Norfolk Residents' Panel and inviting parish councils to a webinar where they can find out more about our proposals and invite them to provide feedback.

5.5. Our consultation will take place in the autumn. Consultation feedback on both budget proposals and council tax will be available for Cabinet in January 2022 and Full Council in February 2022. We will make extra effort to find out the views of people who may be affected by our proposals, including people with protected characteristics.

5.6. We will also report on the findings of the equality impact assessments we are undertaking. For information about this please see Section 21.

6. Service strategy and new saving proposals for 2022-23

6.1. New saving proposals for this year's budget process total £31.144, of which £24.483m relate to 2022-23.

Table 3: Summary of MTFS savings proposals for 2022-23 to 2025-26

2022-23 Target £m		2022-23 £m	% of 2022-23 Target	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
-17.700	Adult Social Services	-12.440	70%	-2.975	-3.700	0.000	-19.115
-8.700	Children's Services	-4.315	50%	-1.400	0.000	0.000	-5.715
-8.700	Community and Environmental Services	-2.961	34%	0.214	0.000	0.000	-2.747
-0.500	Strategy and Transformation	-0.307	61%	0.050	0.000	0.000	-0.257
-0.400	Governance	-0.285	71%	0.100	0.000	0.000	-0.185
-3.100	Finance and Commercial Services / Finance General	-4.175	135%	0.800	0.250	0.000	-3.125
-39.100	**Total savings target**	**-24.483**	**63%**	**-3.211**	**-3.450**	**0.000**	**-31.144**

6.2. The following sections of the report set out details of the financial and savings strategy for each Department, along with details of the new savings proposals being put forward for 2022-23. These will be subject to consultation and further validation work to ensure that they are robust and deliverable prior to being included in the Budget presented to Full Council for consideration in February 2022. None of the proposals have been identified as requiring specific public consultation.

6.3. All saving proposals remain subject to further validation work to ensure that they are fully robust and deliverable, and no final decisions on the implementation of savings will be made until February 2022 when the County Council considers the Cabinet's proposed Budget for 2022-23, including the findings of public consultation and equality impact assessments.

7. 2022-23 Budget proposals - Adult Social Services

Financial Strategy

7.1. We have of course welcomed the recent national Government announcements relating the future of Adult Social Services. However, at this stage it appears that there is insufficient detail to provide us with confidence that any funding, especially in the immediate future, will be sufficient to fully fund the financial pressures experienced by the sector. In particular, the government announcement specifically describes that "*we expect demographic and unit cost pressures will be met through Council Tax, social care precept, and long-term efficiencies*". It is therefore of vital importance that we continue to have a robust plan to manage the pressures being experienced by Adult Social Services.

Adult Social Care pressures for 2022-23: Market Prices (including the Cost of Care review):

7.2. Adult Social Care commissions and purchases over £330m of care services each year. The majority of this care is provided by the independent sector in the form of services such as Residential and Nursing Care, Home Support, Supported Living/Housing with Care and Day Opportunities. In addition, people who require our support have the opportunity to embrace a wider array of choice and commission their own care arrangements through Direct Payments.

7.3. Section 5 of the Care Act: "Promoting diversity and quality in provision of service" outlines a Local Authorities duties in regards to local care markets. In particular, *"A local authority must promote the efficient and effective operation of a market in services for meeting care and support needs with a view to ensuring that any person in its area wishing to access services in the market".* In achieving this a Local Authority must effectively shape local care markets and commission care that:

- Focuses on outcomes and wellbeing
- Promotes a quality services
- Is sustainable and offers value for money services
- Offers choice through a wider array of diverse providers
- Has been co-produced with the people who wish to access these services

7.4. Chapter 4 of the Care Act Statutory guidance states "*When commissioning services, local authorities should assure themselves and have evidence that contract terms, conditions and fee levels for care and support services are appropriate to provide the delivery of the agreed care packages with agreed quality of care. This should support and promote the wellbeing of people who receive care and support, and allow for the service provider ability to meet statutory obligations to pay at least the national minimum wage and provide effective training and development of staff. It should also allow retention of staff commensurate with delivering services to the agreed quality, and encourage* *innovation and improvement. Local authorities should have regard to guidance on minimum fee levels necessary to provide this assurance, taking account of the local economic environment. This assurance should understand that reasonable fee levels allow for a reasonable rate of return by independent providers that is sufficient to allow the overall pool of efficient providers to remain sustainable in the long term."*

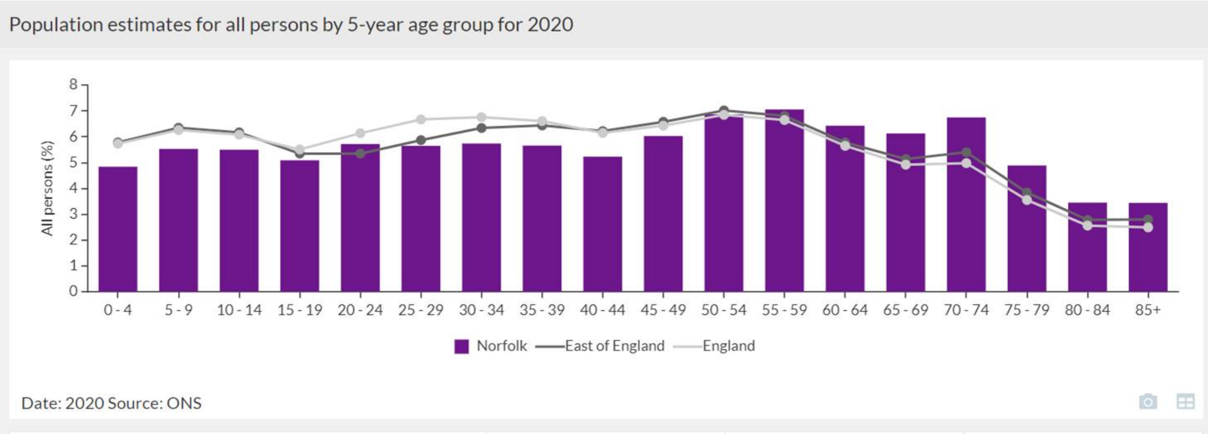
7.5. In order to meet these duties, NCC commits resource to undertake both annual reviews of our care fee levels, but also a wider programme of engagement with our care providers to understand the changing cost of Norfolk Care. Never before has our care markets seen such uncertainty in the demand for, and cost of, its provision of care. national shortages of care staff have equally been applicable in Norfolk, with specific capacity constraints in key markets. Recognising the current wage structure of these markets, we must note the Chancellor's recently announced movement in the National Living Wage, which moves the minimum hourly rate for over 23 year olds from £8.91 to £9.50 from April 2022. Furthermore, inflation on costs, as indicated by the Office of Budget Responsibilities (OBR) Consumer Price Index (CPI), continue to increase. For 22/23 our budget is proposed to recognise any required fee uplifts to continue to meet the broader duties outlined above. A standalone report will be taken to the January 2022 Cabinet meeting to outline the specific details of our proposed fee structure for the upcoming year.

Adult Social Care pressures for 2022-23: Demand for services:

7.6. The other key element of budgetary pressure relating to Adult Social Care is the demand for its services.

7.7. It is widely recognised, and indicated by both the following Norfolk Insight graphics and Institute of Public Care population projections, that the demography of Norfolk represents a higher proportion of Adults over the age of 65 than both the East of England and National averages.

Figure 1: Population estimates by age, 2020 and 2040



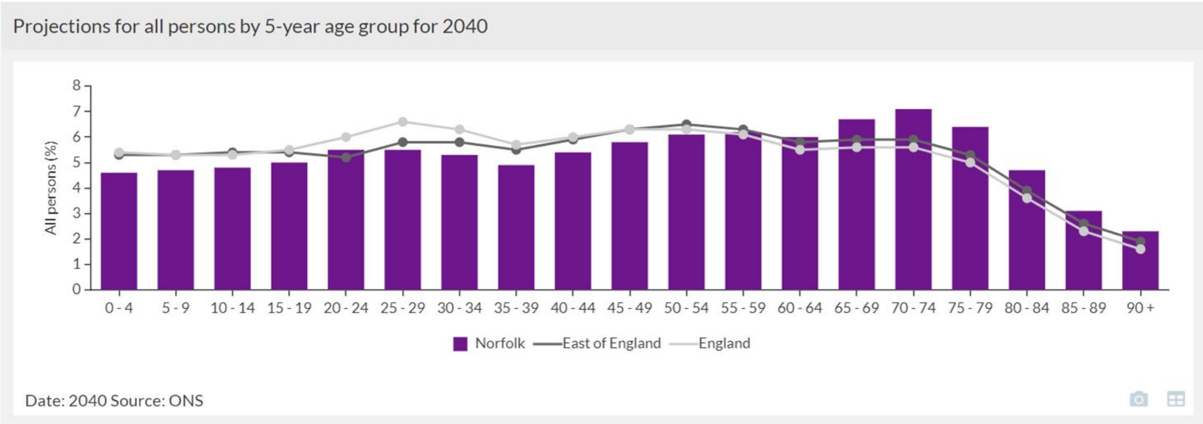


Table 4: Population aged 65 and over, projected to 2024

Population aged 65 and over, projected to 2024	2020	2021	2022	2023	2024
Norfolk: People aged 65-69	56,300	56,600	57,400	58,300	59,500
Norfolk: People aged 70-74	62,000	61,800	58,100	56,300	55,700
Norfolk: People aged 75-79	44,600	47,300	52,600	55,100	55,900
Norfolk: People aged 80-84	31,700	31,700	32,300	33,500	35,400
Norfolk: People aged 85-89	19,800	20,200	20,700	21,400	21,900
Norfolk: People aged 90 and over	11,700	11,900	12,200	12,300	12,500
Norfolk: Total population 65 and over	**226,100**	**229,500**	**233,300**	**236,900**	**240,900**

www.poppi.org.uk version 14.0 (Institute of Public Care)

7.8. At the same time, we know that improvements in our Health and Care services means that people are now more likely to live longer with the most complex of disabilities. This is of course a most welcome improvement but does mean that the underlying demand for our services continues to grow year on year. Equally, the social care support people with the most complex needs require continues to rise with underlying complexity of care increasing year on year. We recognise this in our budget by providing for an underlying growth in our care budgets.

7.9. A more recent factor is the potential latent demand impacts driven by Covid-19 pandemic which we are beginning to see in areas such as Safeguarding and Mental Health. Our Promoting Independence Transformation programme was detrimentally impacted by the pandemic and some opportunities to deliver transformation was inevitably delayed, whilst other preventative opportunities for people will potentially have been missed and will never be wholly recovered. During the pandemic, national guidance on hospital discharge changed and a rapid acceleration of Discharge to Assess was rolled out. During the last 18 months we have worked as a Health and Care system to implement this process and have been supported to do so with national funding. For 22/23 onwards there remains a real financial risk for the local Health and Care systems to continue to implement this national policy without the associated funding.

7.10. At present, Social Care remains under pressure with Norfolk's holding lists, interim care lists, overdue reviews and safeguarding referrals all seeing spikes ahead of a winter period that is likely to be very challenging.

Promoting Independence Strategy

7.11. The Adult Social Care (ASC) financial strategy is firmly intertwined with both the services vision "to support people to be independent, resilient and well", as well as the departments Promoting Independence strategy. To date, Promoting Independence has largely focused on managing demand. Through a changed model of social work, investment in reablement and assistive technology, we have slowed the rate of admissions to residential care for all ages, bringing the council closer in line with its family group, and achieving £61m of savings over the last 5 years. Looking ahead these gains will be sustained through a step change in prevention, based on risk stratification, and targeted interventions to address known life risks, and a re-purposed 'front door' for adults. Alongside this, we will continue to lead and shape independent providers to develop choices for people at all stages of life – disabled people who want to leave the family home, people who want support at home which fits their lives, people who want access to training, learning and employment. Looking forward, Promoting Independence phase two is about Living Well and Changing Lives.

Promoting Independence: Living Well and Changing Lives

7.12. We know our Promoting Independence approach has helped, and will continue to help, 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, our specific financial strategy for achieving savings and financial sustainability is focussed on:

- **Investing in early intervention and targeted prevention:** Using specific services and being responsive and proactive in order to prevent need or prevent the escalation of need to keep people independent for longer.
- **Focusing and building upon people's strengths:** Investing in excellent social work and therapy which focuses on people's strengths and helps people regain and retain independence, and reduces, prevents and delays the need for formal social care
- **Provide services that focus on the future potential of the person:** 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
- **Driving housing solutions**: Stimulating a market to provide alternative choices to permanent residential and nursing care; including focusing on wider housing options alongside care, for older and younger adults
- **A prosperous care economy:** Leading and developing the care market for social care so that it can offer people choice from a collective of good quality providers, within an efficient, stable and sustainable care economy, whose ambitions aligns with those of Promoting Independence.
- **A healthy Integrated Care System:** Working with health partners in a refreshed Integrated Health and Care system, that seeks to reduce system demand, whilst also focusing on improving long term health and care outcomes for the people of Norfolk. This includes both the alignment to localised Primary Care but also an efficient and sustainable system of supporting people upon leaving hospital and into the community.
- **Digital by default**: Seeking innovation and creating a culture that strives to embrace the efficiencies afforded by technology, when suitable, without losing the focus on the customer.
- **Maximising value for money:** Continuing to get the basics right by using our resources to their full extent, questioning and challenging ourselves in areas of

improvement, reducing inefficiencies and strengthening the contract management of our commissioned contracts to ensure we both get, and utilise, what we are paying for.

7.13. More so than ever, our strategy focuses our work alongside our partners in supporting thriving local communities and within micro economies. Both internally, with the Council's service departments, and externally with Norfolk Councils, health partners, voluntary sector and private partners, we work to improve the infrastructure that enables and promotes jobs, education, housing, health and wellbeing. Our integrated arrangements with our Health colleagues allow us to jointly pursue models of health and care that build upon a person's strengths, abilities and support networks (current or potential). With our joint 'home first' culture, we continue to recognise the importance, and stability, of a person's home, whether it's a person's ability to stay there, or return there, should they require the support of Norfolk's Health and Social Care system.

7.14. We are proud of how Norfolk's care market has responded to the recent challenges we have all faced. During the last 18 months we have worked closely with the care market, and its care association, to ensure a consistency of safe and quality provision of care. We know Norfolk, like many Local Authority areas, is presently suffering some capacity shortages in certain critical care markets. It therefore remains one of our key priorities to support the sustainability of Norfolk's care market, including helping the market to respond to the changes to demand that the pandemic has created and helping to ensure that care workers are properly rewarded for the work they do.

Saving proposals 2022-23

7.15. As referred to above, our 2022-23 savings proposals are a continuation, and evolution, of our existing Promoting Independence strategy. Within this we propose to:

- Continue to build and realise the financial benefits of 2800 new units of Independent Living (Extra Care) housing, moving into the 3rd year of our 10 year, £29m capital programme
- Continue to drive forward our new sister housing programme for younger adults that will offer homes to people to prevent them living in residential care before they truly need it.
- Continue to work with our Norse Care provider of Residential and Housing with Care to transform the services we commission and they provide
- Continue to work more proactively with people by focusing on early help and prevention, and seek to have a stronger connection to local communities they enhances how we support people when they first contact us.
- Continue to work closely with people with Mental Health and Learning Disabilities to reshape our services, and review their care needs, in order to enable them to lead the lives they want to live and live-in places they can call home.

- Work with the NHS to provide shared, and equitably funded, services when its appropriate to do so.
- Increasing the scale to which we provide Direct Payments, where its an appropriate choice in meeting needs and is cost effective to do so.
- Use the talent and skills of our therapists to review existing, or potential, care packages, that require the attendance of two care workers, to see if opportunities exist to support the care provider and enable the care package to be delivered with only one carer.

Table 5: Adult Social Services gross new saving proposals 2022-23 to 2025-26

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
ASS-22-23-001	**Recognising additional benefits from our existing savings programme.** Linked to our existing saving ASC044: Extra care housing programme - delivering savings by building 2,800 units of extra care housing for older adults.	-0.090	-0.475	-1.100	0.000	**-1.665**
ASS-22-23-002	**Delivering a saving through an accelerated Supported Housing Programme.** Providing 183 units of supported housing for younger adults over a three year period, which is expected to increase independence and help in fewer people needing to be supported early in residential care.	-0.900	-0.700	0.000	0.000	**-1.600**
ASS-22-23-003	**Recognising additional benefits from our existing savings programme.** Linked to existing saving ASC024: Contract renegotiation, ensuring the requirements of commissioners are reflected in the Norsecare contract**.** Future years of existing programme to transform the Norse Care Older People Residential and Housing with Care estate.	-1.000	0.000	0.000	0.000	**-1.000**
ASS-22-23-004	**Recognising additional benefits from our existing savings programme.** Linked to our existing saving ASC018: Working with our partners to reshape our approach to supporting people on their initial contact with Adult Social Care (the "Front Door"). We will review our process and how we support people early on in the social care pathway and help their care needs before they escalate.	-2.000	-1.500	-2.000	0.000	**-5.500**
ASS-22-23-005	**Improving market utilisation and delivering efficiencies.** Strengthening our contract and performance management by getting better value for money in services we purchase by targeting the funding we have available to us.	-2.000	-1.500	-0.500	0.000	**-4.000**

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
ASS-22-23-006	**Learning Disabilities transformation.** Continued implementation of Norfolk's Learning Disability strategy. This sees the continued development of more choices and alternatives to residential care and access to community based activities.	-2.500	-1.500	0.000	0.000	**-4.000**
ASS-22-23-007	**Mental Health Care Model Review.** Seeking to improve the independence of those people supported with Mental Health conditions by reviewing their care packages and exploring the potential for alternative housing tenure. This will be done in partnership with health to ensure the balance of care between health and social care is appropriate.	-0.250	0.000	0.000	0.000	**-0.250**
ASS-22-23-008	**Expansion of Self Directed Support.** Delivering a saving by utilising more Direct Payments rather than commissioned services, particularly when Direct Payments offer individuals more choice and are cost effective.	-0.100	-0.100	-0.100	0.000	**-0.300**
ASS-22-23-009	**Use of ASC reserves.** One-off release of reserves to offset budget pressures.	-3.000	3.000	0.000	0.000	**0.000**
ASS-22-23-010	**Bad debt reduction.** Increased recovery of debt leading to less bad debt write-off.	-0.300	0.000	0.000	0.000	**-0.300**
ASS-22-23-011	**Recruitment and Retention Strategy.** Delivering a saving by having a targeted approach to recruitment and retention.	-0.100	0.000	0.000	0.000	**-0.100**
ASS-22-23-012	**Double up care reviews.** Using therapists to lead reviews on care packages requiring two carers to attend, in order to consider alternatives to having two carers on site.	-0.200	-0.200	0.000	0.000	**-0.400**
		-12.440	**-2.975**	**-3.700**	**0.000**	**-19.115**

8. 2022-23 Budget proposals – Children's Services

Financial Strategy

8.1. Children's Services core strategy and transformation approach is working; our success in keeping families together and reducing numbers in care has delivered significant financial benefits to the County Council (avoided cost pressures and savings) alongside improved outcomes for children and families. Therefore, our core approach remains unchanged and, despite the ongoing and considerable uncertainty still being faced, the service continues to project benefits from existing schemes and major new schemes, such as New Roads, in the same strategic areas. Specifically, these are:

- Inclusion;
- Prevention and Early Intervention;
- Quality of Practice;

- Edge of Care and Alternatives to Care; and
- Re-shaping the care and specialist support market.

8.2. However, Children's Services continues to operate in a challenging context; high levels of need across numerous areas of service continues to be experienced and, in particular, in relation to children with special educational needs and children at risk of harm. The service also continues to respond to newer issues within society, and the range of responsibilities for the department continues to widen to tackle issues such child sexual and criminal exploitation and the threat of radicalisation.

8.3. Key financial drivers experienced by the service are:
- Market forces, beyond the Council's control, are significantly impacting our ability to purchase the right placements at the right cost;
- An unhelpfully rigid approach from the regulator (Ofsted) - challenging care settings in a way which makes them unwilling to work with young people with complex needs or drives a demand for very large packages of additional support;
- An unprecedented worsening of emotional wellbeing and mental health amongst children, young people and parents;
- A significant rise in 'extra familial harm', including county lines and exploitation of young people
- An underlying trend of increasing special educational needs and disabilities, including some children with complex disabilities surviving into later childhood as a result of medical advances
- An additional strain on families as a result of the pandemic and hidden harm with families locked down together

8.4. We know that the pandemic has had a significant impact on children, families as well as our services and those of our partners. Norfolk has seen a persistent increase in demand for Family Support resulting from the impact of the pandemic, which has placed those teams under significant pressure. More recently, we have also seen an increase in the number of children looked after and increase in the cost of care for children over recent months, with the longer-term impact of the pandemic beginning to be seen. The situation remains highly uncertain and, whilst attempts have been made to financially plan for these circumstances, the situation is fluid and is likely to continue to be so into 2022-23.

8.5. Additionally, a range of other, less obvious, impacts on demand have been identified, including hidden need, trauma, and economic factors. It is hard to know what the experiences of children will have been during lockdown and how that will play out in the medium to longer term. Some key external markets are also under major strain, for example transport, early years, the voluntary sector as well as care. This includes some specialist provision from external providers that has been reduced during the pandemic and, in some cases, on an ongoing basis, to ensure that they are 'COVID secure.' That, alongside lengthy absences from school-based educational provision, may result in additional demand.

8.6. As a result of the pandemic, the expectations upon the Council with respect to its leadership role within the whole education sector in Norfolk has significantly changed. This has led to staff being redeployed to support the significantly increased workload, with major disruption to the normal work of some staff. It is still not clear what the Government's expectations are of local authorities with respect to support and leadership to the education sector in the medium-to-long-term, and so a 'watching brief' will be kept.

8.7. The core strategy and transformation approach is an ongoing programme of work for the service with work ongoing to enable the identification of further new initiatives that could deliver substantial transformation. The service has continued to drive this work forward, including increasing strategic partnership working that is generating and driving system change in Norfolk that, as the County Council alone, could not be delivered.

8.8. The services' core 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.

8.9. In recent years, the service has been supported to invest in staffing to enable transformation of services. The people who deliver our services to children and families are the most important asset that the service has, whether these be directly employed staff or indirectly employed through partners and commissioned providers. Having the right people in the right roles delivers the outcomes needed for Norfolk's children whilst also delivery good value for money. That said, where appropriate, technology and automation are being exploited to delivery committed efficiency savings.

8.10. 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, with c.£18m of recurrent budget savings expected to be delivered since 2018-19 by the end of 2021-22, with the projected benefit having already exceeded the investment. Successes include:

- New 'Front Door' – Children's Advice and Duty Service – so the right cases go into case-holding teams;
- Family Values – In-House Fostering Recruitment and Service Redesign – reducing reliance on external fostering agencies;
- In-House Semi-Independent Provision Phase 1 – reducing reliance on residential and external provision;
- Enhanced Fostering Phase 1 – reducing reliance on residential care;
- Stronger Families Therapeutic Service – edge of care support;
- Unaccompanied Asylum Seeking Young People team – tailored support for vulnerable cohort;
- Family Group Conference team and Family Networking Approach – building resilience;
- Education Health and Care Plan (EHCP) Process Review – new approach to EHCPs to deliver timeliness and quality;
- Pre-proceedings work – successful work with and before Family Court, reducing legal costs;
- Valuing Care – new needs framework driving smarter commissioning;
- Social Care Operating Model Phases 1 and 2 – keeping families together; and
- Target Youth Support Service – dedicated response for young people at risk of exploitation.
- New Roads hubs – new approach to achieve good and improving outcomes at lower long-term cost for the children with the most complex needs

Saving proposals 2022-23

8.11. Children's Services saving proposals for 2022-23 are extensions of our existing programme of work, complementing, and in addition to, the savings already within the 2021-24 MTFS. The proposals comprise of individual but related projects that, together, will continue to deliver significant transformation needed to provide financial sustainability as well as to deliver financial savings:

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.
- To date, this investment has enabled an increase in permanent social care staff and, thus, a reduction in the usage of agency staff. The ongoing anticipated financial benefit has been reflected in the MTFS for future years.
- For 2022-23, the additional saving reflects: an expansion of support to mothers with the aim of supporting them to make alternative choices to reduce the number of repeat removals required; further development of the workforce to gain specialist social care housing knowledge to ensure housing support is provided at the right time by the right people; expansion of existing Support for Success teams to ensure sufficient capacity to work with newly accommodated children and young people can return home or have placements stabilised; redesigning support for children with disabilities to deliver more effective care and support and helping more

families to stay together through reducing escalation of need and families reaching crisis point, thus avoiding children coming into care and costly placements and support; and, further reduction in legal costs reflecting the reduced activity due to earlier intervention and more effective practice.

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.
- Through the transformation programme to date, the Council has already invested in Stronger Families (social impact bond), which has delivered significant financial benefits, and New Roads, whose projected financial benefits are already built in to the MTFS.
- For 2022-23, the additional savings reflect the expansion of the Norfolk Assisted Boarding Programme offer, which is a scheme that Norfolk led the way with nationally, that has been evaluated both to provide significant benefits to the educational outcomes of each young person as well as keeping families together and significantly reducing costs for NCC

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. We are continuing the transformation of the care market to keep children and young people who require placements close to home and based in Norfolk wherever possible and appropriate to do so.
- Through the transformation programme to date, the Council has made capital and revenue investment in a range new provision, including the semi-independent accommodation and solo / dual placements, with financial benefits already delivered and built into the MTFS for future years.
- For 2022-23, the additional savings reflect: development, in conjunction with health partners, of edge of mental health in-patient provision to support, in a therapeutic way, young people to step down from, or avoid, hospital stays and / or expensive, external placements / support, which leads to better outcomes for young people whilst also providing cost savings; review of our strategic commissioning approach to expand existing transformation delivery and the robustness of our negotiations; and, enhanced review process for Special Guardianship allowances.

Inclusion:

- The Council has significantly invested capital monies in the development of additional places in existing special schools, new special schools that are being built, and expanding specialist resource base provision throughout the County. This provision will enable more children and young people with Special Educational Needs to access appropriate provision closer to home and in the state sector, which will significantly reduce the pressures on the Dedicated Schools Grant forecast if we ‘do nothing’. Additionally, investment in the support in mainstream schools is intended to reduce the escalation of needs enabling more children and young people to remain in the mainstream sector where it is appropriate for them to do so.

- Linked to this investment we are, and will continue, to deliver savings in relation to the home to school transport costs associated with long journeys for children with Special Educational Needs and Alternative Provision requirements.
- For 2022-23, we are proposing additional home to school transport savings that expand upon those already in the MTFS and, in particular, will be delivered through promoting a wider range of opportunities for home to school travel, focus on tightening controls and ensuring good financial grip.

8.12. In addition to the core financial strategy, we also continue to have a major focus on modernisation, efficiency and capturing the financial benefits of smarter working opportunities. Our 2022-23 budget proposals include:

Rationalisation and relocation of office accommodation:

- The office accommodation needs of the department are being reviewed in light of smarter working (accelerated by the COVID-19 pandemic and enabled through use of IT) with the view to rationalising accommodation whilst still meeting ongoing service needs.
- We are developing a Building Assets Strategy to deliver savings from reduced spend on leases and associated revenue costs; this proposal is focussed on a review of current Children's Services occupied buildings, to reduce usage or release space that is no longer required. Test and learn pilots will inform future requirements, along with engaging with partners to establish their future plans and explore co-location opportunities

8.13. As we work through the budget setting process, the department continues to focus upon potential transformation within our overall strategy, as described above, that could maximise outcomes for children and young people, whilst mitigating the challenges resulting from the pandemic and also delivering financial benefits to alleviate the pressures facing the County Council.

Table 6: Children's Services gross new saving proposals 2022-23 to 2025-26

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
CHL-22-23-001	**Extending our existing savings programme to deliver additional benefits.** Proposal is to expand our 2019-20 saving 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.	-1.775	-0.900	0.000	0.000	**-2.675**

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
CHL-22-23-002	**Extending our existing savings programme to deliver additional benefits.** Proposal is to expand our 2019-20 saving CHS002: Alternatives to care – Investing in a range of new services which offer alternatives to care using enhanced therapeutic interventions, combined with a focus on support networks from extended families keeping families safely together where possible and averting family crises.	-0.500	-0.250	0.000	0.000	**-0.750**
CHL-22-23-003	**Extending our existing savings programme to deliver additional benefits.** Proposal is to expand our 2019-20 saving 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.	-0.675	-0.250	0.000	0.000	**-0.925**
CHL-22-23-004	**Extending our existing savings programme to deliver additional benefits.** Proposal is to expand our 2021-22 saving CHS007: Inclusion (Home to School Transport) by finding school places closer to home for children and young people with Special Educational Needs and Alternative Provision requirements. We will reduce transport costs associated with long journeys and ensure that children are supported towards more independent travel where appropriate.	-1.200	0.000	0.000	0.000	**-1.200**
CHL-22-23-005	**Extending our existing savings programme to deliver additional benefits.** Proposal is to expand our 2021-22 saving CHS008: Smarter Working – continued modernisation through a shift to different ways of working to deliver savings from reduced spend on leases and associated revenue costs.	-0.165	0.000	0.000	0.000	**-0.165**
		-4.315	**-1.400**	**0.000**	**0.000**	**-5.715**

9. 2022-23 Budget proposals – Community and Environmental Services

Financial Strategy

9.1. 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.

9.2. Our services are delivered across the county in the heart of local communities. The common factor is that CES services impact on residents, visitors and businesses in Norfolk every day. They are also crucial to the successful recovery from the impacts of Covid-19.

9.3. We play a key role in keeping Norfolk communities safe, healthy and independent; including responding to emergencies, developing skills, tackling social isolation and providing the advice and support people need to stay safe and healthy. There is also a focus on Norfolk as a place, including looking after our unique heritage and environment as well as ensuring that key infrastructure improvements can be delivered.

9.4. We are investing in some key service areas to ensure critical activities to support local communities and businesses can continue to be delivered and developed further:-

- Delivery of the Covid-19 Local Outbreak Control, including testing and tracing, vaccination support and a range of other activities to control the spread of Covid-19, focussing on reducing harm and protecting vulnerable people
- Supporting economic bounce-back and growth, including delivery of the Norfolk and Suffolk Renewal Plan and development of the Norfolk Investment Framework
- Supporting community recovery and development of social infrastructure, including through the Social Infrastructure Fund and Community Renewal Fund
- Providing the digital and physical infrastructure individuals and businesses in Norfolk need to thrive, including enabling the best possible Broadband infrastructure we can secure for Norfolk
- Work to reduce our impact on the environment and deliver the action plan supporting the Council's Environmental Policy, including the new Electric Vehicle Strategy
- Investing in services to help keep Norfolk Communities safe and healthy
- Working with partners and stakeholders to further develop the visitor economy

9.5. A key part of our strategy for some time has been to reduce our reliance on revenue funding which continuing to make significant investment in key improvements and activities for Norfolk. We have achieved this through successfully securing funding from alternative sources, including grants, competitively bidding for funding and generating income; less than half of the workforce in CES is revenue funded.

Saving proposals 2022-23

9.6. The service continues to look for opportunities to deliver budget savings whilst trying to minimise the impact on vital front line services which local communities, businesses and visitors rely on. 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:

- A focus on Core service provision - Protecting, developing and enhancing the core services at the heart of local communities, including those supporting the work to respond to Covid-19 and the bounce-back of the economy
- Continuing to maximise alternative funding sources, including opportunities to generate income
- Investing in new facilities and equipment that mean we can be more efficient and reduce our operating costs
- Smarter Working - Efficiency and cost reduction – this includes putting new ways of working in place for our directly employed workforce, as well as working with our contractors to enable efficiencies from our commissioned services

Table 7: Community and Environmental Services gross new saving proposals 2022-23 to 2025-26

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
CES-22-23-001	**Buying rather than leasing fire service vehicles.** This would bring savings while keeping the same number of vehicles on the road. [Fire Engines]	-0.100	0.000	0.000	0.000	**-0.100**
CES-22-23-002	**Buying rather than leasing fire service vehicles.** This would bring savings while keeping the same number of vehicles on the road.	-0.150	-0.111	0.000	0.000	**-0.261**
CES-22-23-003	**Charge for some of the expert planning advice and services we provide.** This proposal requires that some of the costs for environment planning advice and information be transferred from the County Council revenue budget to a charge to the planning system. Enacting this change will require engagement with Tier 2 Local Authorities for those planning functions they cover.	-0.075	-0.075	0.000	0.000	**-0.150**
CES-22-23-004	**Efficiency savings (Planning Service).** A number of small savings from across the department to reflect various changes in processes, practice, and ways of working with no impact on service delivery.	-0.026	0.000	0.000	0.000	**-0.026**
CES-22-23-005	**Contract efficiencies.** Working with contractors to deliver lower costs from the arrangements at waste transfer stations.	-0.070	0.000	0.000	0.000	**-0.070**
CES-22-23-006	**Charges for trade waste disposal.** Updating principles for dealing with costs of trade waste collected by some district councils.	-0.025	0.000	0.000	0.000	**-0.025**

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
CES-22-23-007	**Review of estimates for waste budget increases.** Budgets can be adjusted to reflect new contracts with a lower unit cost.	-0.200	0.000	0.000	0.000	**-0.200**
CES-22-23-008	**Reduce recycling centre management costs.** Working with a contractor to deliver lower costs of service delivery.	-0.100	0.000	0.000	0.000	**-0.100**
CES-22-23-009	**Two brand new recycling centres will cost less to run.** Savings made as the operating costs of the two new recycling centres (Norwich North and Norwich South) will be lower than the existing sites at Mile Cross and Ketteringham.	-0.200	0.000	0.000	0.000	**-0.200**
CES-22-23-010	**Identifying contract efficiency savings.** Working with highways contractors to deliver savings from management overheads.	-0.035	0.000	0.000	0.000	**-0.035**
CES-22-23-011	**Fixed Penalty Notices.** Income from fines if utilities and other companies do not comply with the roadwork permits they have been issued.	-0.050	0.050	0.000	0.000	**0.000**
CES-22-23-012	**Fines for overrunning roadworks.** Income from fines if utilities and other companies do not comply with the roadwork permits they have been issued. Section 74 of the New Roads and Street Works Act (NRSWA) allows highway authorities to charge undertakers if street works are unreasonably prolonged i.e. take longer than previously agreed.	-0.350	0.350	0.000	0.000	**0.000**
CES-22-23-013	**Create new streetworks technician post.** A new streetworks technician post would help strengthen the team that have oversight of roadworks carried out by utility companies across the county. The role could help bring in additional income by improving the management of temporary traffic orders .	-0.030	0.000	0.000	0.000	**-0.030**
CES-22-23-014	**Restructure the highways services team.** This would affect the back office team and no redundancies would be expected.	-0.020	0.000	0.000	0.000	**-0.020**
CES-22-23-015	**Maximise efficiency of winter gritting by using the latest technology.** New navigation systems in all gritters will automatically control salt spread rates to best suit precise locations and conditions.	-0.100	0.000	0.000	0.000	**-0.100**
CES-22-23-016	**Increase the Highway Design Team charge rates for work on major infrastructure delivery.** This will increase the design team fees charged to internal	-0.150	0.000	0.000	0.000	**-0.150**

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
	and external clients and ensure full cost recovery.					
CES-22-23-017	**Fund part of the Council's economic projects budget from an alternative source.** Use the County Council's share of income from existing Enterprise Zone sites within Norfolk to fund economic projects.	-0.089	0.000	0.000	0.000	**-0.089**
CES-22-23-018	**New library operations centre to cut costs.** The new operations centre at Hethersett provides streamlined distribution and enables efficiencies.	-0.125	0.000	0.000	0.000	**-0.125**
CES-22-23-019	**Efficiency savings (Community Information and Learning).** A number of small savings from across Adult Learning to reflect various changes in processes, practice, ways of working, and additional external funding, with no impact on service delivery.	-0.090	0.000	0.000	0.000	**-0.090**
CES-22-23-020	**Restructure back office support team.** Some processes are more efficient and therefore the structure of the team could be amended to reflect that.	-0.075	0.000	0.000	0.000	**-0.075**
CES-22-23-021	**Reduce software costs.** Switching to a new provider of design software will meet required needs while also saving money.	-0.020	0.000	0.000	0.000	**-0.020**
CES-22-23-022	**Capitalisation of IT costs to bring revenue savings.** Capitalising the cost of some IT systems e.g. those used by highways as part of their work to develop the asset.	-0.080	0.000	0.000	0.000	**-0.080**
CES-22-23-023	**Additional Streetworks income.** Employing an additional Streetworks Temporary Traffic Regulation Order (TTRO) Officer would result in additional income.	-0.050	0.000	0.000	0.000	**-0.050**
CES-22-23-024	**Increase the Infrastructure Projects charge rates for work on major infrastructure delivery.** This will increase the design team fees charged to internal and external clients and ensure full cost recovery.	-0.050	0.000	0.000	0.000	**-0.050**
CES-22-23-025	**Increased income and lower costs for the street lighting and traffic signals Electrical Services Team.** This will see savings achieved from increased recharges and system optimisation / efficiencies. In addition, income would be raised by introducing charging for developer advice.	-0.050	0.000	0.000	0.000	**-0.050**

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
CES-22-23-026	**Increased income and lower costs for the Transport Team.** This proposal will see savings achieved from increased recharges and system optimisation / efficiencies achieved through changing the way services are delivered.	-0.075	0.000	0.000	0.000	**-0.075**
CES-22-23-027	**Reduced highways equipment costs.** Following the transfer to NORSE Highways, we have been able to reduce the cost of equipment.	-0.070	0.000	0.000	0.000	**-0.070**
CES-22-23-028	**Income generation from highways assets.** Increase income from additional highway advertising and sponsorship sites - for example new signs on verges.	-0.020	0.000	0.000	0.000	**-0.020**
CES-22-23-029	**Increased income generation by Trading Standards.** Further work to generate income through the metrology service, in addition to the existing income generation targets.	-0.050	0.000	0.000	0.000	**-0.050**
CES-22-23-030	**Seeking alternative funding sources for the Library and Information Service.** Review of external funding and staff structure options.	-0.090	0.000	0.000	0.000	**-0.090**
CES-22-23-031	**Cost Recovery for the American Library**: The American Library based in the Millennium Library operates in partnership with the Second Air Division Memorial Trust. This proposal seeks to permanently remove the NCC contribution towards staffing costs and requires third party approval. The library would continue to operate at current levels if agreed.	-0.013	0.000	0.000	0.000	**-0.013**
CES-22-23-032	**Customer Services efficiency savings.** This proposal reflects removing or changing courier arrangements across the Council. The introduction of a new logistics hub means this saving is possible.	-0.015	0.000	0.000	0.000	**-0.015**
CES-22-23-033	**Education Library Service:** this proposal removes the subsidy to maintain an Education Library Service and would cease the service to schools in its current format.	-0.060	0.000	0.000	0.000	**-0.060**
CES-22-23-034	**Review software and rationalise functionality within other existing systems.** This proposal will save money by the Council ceasing to use two current systems replacing them with alternative, lower cost solutions.	-0.013	0.000	0.000	0.000	**-0.013**
CES-22-23-035	**Restructuring some back office support teams.** Savings from increased in manager self-service enabled by the Council's new	-0.075	0.000	0.000	0.000	**-0.075**

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
	HR and Finance system (MyOracle), and other changes in ways of working.					
CES-22-23-036	**Review of Museums budgets to reflect process and ways of working efficiencies.** This proposal reflects additional partnership income, plus additional staffing budget savings including vacancy management, with no change in the service delivered.	-0.050	0.000	0.000	0.000	**-0.050**
CES-22-23-037	**Income generation by the Norfolk Record Office.** This proposal reflects an increase in income through the launch of a new online service for ordering digital images and an anticipated increase in revenue from licenced images following the launch of the 1921 census.	-0.010	0.000	0.000	0.000	**-0.010**
CES-22-23-038	Additional costs for advisory work met through the planning system.	-0.025	0.000	0.000	0.000	**-0.025**
CES-22-23-039	**Environment and waste budget savings.** Savings from planning application work being dealt with in house at the County Council.	-0.015	0.000	0.000	0.000	**-0.015**
CES-22-23-040	**Reduction in existing budget pressure for Fire Service.** This saving reflects a reduction in the anticipated required pension contributions for Fire Service currently provided for in the budget.	-0.050	0.000	0.000	0.000	**-0.050**
CES-22-23-041	**Finalising a restructure of the [Fire Service] senior management team** and strategic operational command arrangements.	-0.020	0.000	0.000	0.000	**-0.020**
		-2.961	**0.214**	**0.000**	**0.000**	**-2.747**

10. 2022-23 Budget proposals – Strategy and Transformation

Financial Strategy

10.1. The Strategy and Transformation department provides a continuum of services from strategy development, organisational development and upskilling, HR and H&S core services and professional advice, innovation and transformation delivery, insight and performance, strategic communications and resource stewardship.

10.2. The department’s key functional areas are Human Resources, Transformation, Communications and Insight & Analytics. As well as providing a service to operational departments they also enable the delivery of change and benefits within those departments.

10.3. To ensure best value for money, we continue to investigate and explore opportunities for a coordinated spend approach across the council in these areas:

- Communications
- Training and development

Saving proposals 2022-23

10.4. The department's strategic approach to developing budget proposals is intended to:

- Work to drive our professional leads model and organisation design, in providing support across the organisation to maximise efficiency, and effectiveness
- Ensure the realisation of benefits identified in the Business Transformation and Smarter Working programmes
- Maximise any saving opportunities arising from changed expectations and working practices as a result of COVID-19
- Provide clarity on HR and H&S core service delivery post MyOracle implementation
- Acknowledge the role of manager capability and capacity in good people practice with reduced HR intervention and advice

10.5. The department responded to the pandemic by providing extra support and services to the wider organisation. The financial impact of this has been expenditure in temporary staff.

10.6. Any further local or nationally imposed demands that are not able to be funded through covid monies or go beyond the covid funding duration would add to cost pressures. However, that is not anticipated at this stage.

10.7. The current proposals of £0.307m are additional to the gross savings of £0.480m previously identified for 2022-23.

10.8. Together they make 6% of the gross annual budget.

Table 8: Strategy and Transformation gross new saving proposals 2022-23 to 2025-26

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
S&T-22-23-001	**Reduction in HR budgets.** Savings to be delivered through a range of measures including efficiency savings arising from the new HR and Finance system (MyOracle). Approach will include revised service delivery model and savings from central rationalisation of HR functions (Fire HR transfer into central HR budget), as well as savings from reduced mileage, printing etc as a result of new ways of working.	-0.150	0.000	0.000	0.000	**-0.150**
S&T-22-23-002	**Insight & Analytics budget saving and additional income.** Deliver a saving by delaying recruitment and seeking alternative sources of funding for currently vacant posts.	-0.097	0.000	0.000	0.000	**-0.097**
S&T-22-23-003	**One off use of Strategy and Transformation reserves.**	-0.050	0.050	0.000	0.000	**0.000**
S&T-22-23-004	**Reduction in Transformation budgets.** Deliver a saving from a reduction in advertising posts and external fees.	-0.010	0.000	0.000	0.000	**-0.010**
		-0.307	**0.050**	**0.000**	**0.000**	**-0.257**

11. 2022-23 Budget proposals - Governance

Financial Strategy

11.1. The Governance department brings together Democratic Services, Regulatory Services and Legal Services and provides:

- essential face to face public services
- quality legal services to external partners and NCC departments
- support to Council to be an effective organisation.

Saving proposals 2022-23

11.2. Strong governance keeps the organisation safe and legally sound and supports elected members to shape and deliver the Council's key priorities. The department's strategic approach to developing budget proposals is intended to:

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

11.3. The pandemic financial impact within the department has mainly related to loss of income and extra expenditure in temporary staff. Any further local or nationally imposed demands that are not able to be funded through covid monies or go beyond the covid funding duration would add to cost pressures. However, that is not anticipated at this stage.

Table 9: Governance gross new saving proposals 2022-23 to 2025-26

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
GOV-22-23-001	**Efficiency savings.** Implementing Smarter Working practices across Nplaw, including moving from paper based bundles to electronic bundles, which reduces core costs.	-0.080	0.000	0.000	0.000	**-0.080**
GOV-22-23-002	**Reduction in Monitoring Officer budget.** Remove capacity from Monitoring Officer budget.	-0.023	0.000	0.000	0.000	**-0.023**
GOV-22-23-003	**Reduction in Governance budgets.** Saving to be delivered from reducing training and removing Governance estate and site management budgets.	-0.012	0.000	0.000	0.000	**-0.012**
GOV-22-23-004	**Reduction in Governance budgets.** Saving to be delivered by reducing Governance budget for rents and hire, while retaining the Coroner's budget for inquests that cannot be accommodated at County Hall.	-0.010	0.000	0.000	0.000	**-0.010**
GOV-22-23-005	**Use of Governance reserves.** One-off release of reserves to offset budget pressures following review of all reserves held.	-0.100	0.100	0.000	0.000	**0.000**
GOV-22-23-006	**Income generation.** Recognising the potential for growth in Nplaw, including external income generation.	-0.010	0.000	0.000	0.000	**-0.010**
GOV-22-23-007	**Reduced spend on barristers.**	-0.050	0.000	0.000	0.000	**-0.050**
		-0.285	**0.100**	**0.000**	**0.000**	**-0.185**

12. 2022-23 Budget proposals – Finance and Commercial Services / Finance General

Financial Strategy

12.1. 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.

Saving proposals 2022-23

12.2. The objectives set out above inform an approach to identifying budget proposals which seeks to minimise the impact on front line services.

Table 10: Finance and Commercial Services / Finance General gross new saving proposals 2022-23 to 2025-26

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
FIN-22-23-001	**One off release from Organisational Change Fund.** Annual budget provision is made for organisational change and redundancy costs. An assessment of the amount required to be held against organisational need(s), experience of actual costs incurred, and the likely organisational and staffing impact of emerging saving proposals for 2022-23, indicate that it would be possible to release £0.750m from this budget on a one-off basis.	-0.750	0.750	0.000	0.000	**0.000**
FIN-22-23-002	**Increase in income budget to reflect actual grant funding.** Allocations of Extended Rights to Free Travel grant are not confirmed until after the budget for the year has been set. Following review, the income budget for the grant can be increased to reflect the actual level of grant received in recent years.	-0.625	0.000	0.000	0.000	**-0.625**
FIN-22-23-003	**Reduce budgetary provision for grants to other public bodies.** Reducing the budget held corporately to support partnership work with other public bodies following a review of recent funding needs.	-0.300	0.000	0.000	0.000	**-0.300**
FIN-22-23-004	**Review of employer pension pressure provision.** Revising the budget provided to reflect the actuarial valuation of the pension fund and the level of lump sum payment required 2022-23.	-1.000	0.000	0.000	0.000	**-1.000**
FIN-22-23-005	**Review of treasury management requirements.** Review of borrowing needs	-0.500	0.000	0.000	0.000	**-0.500**

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
	and interest rates will enable a saving to be delivered from interest payable budgets.					
FIN-22-23-006	**Benefits realisation from the HR & Finance system replacement (MyOracle) project.** Recognising efficiency and other savings to be achieved within Budgeting and Accounting service from 2023-24.	0.000	-0.200	0.000	0.000	**-0.200**
FIN-22-23-007	**Delaying planned contributions to the General Fund.** Review of the level of the General Fund compared to Net Budget forecasts and risks enables an element of planned contributions to be delayed and reduced while maintaining the balance at the required target level.	-1.000	0.250	0.250	0.000	**-0.500**
		-4.175	**0.800**	**0.250**	**0.000**	**-3.125**

13. Robustness of the Budget and compliance with the Financial Management Code

13.1. The Executive Director of Finance and Commercial Services is required by section 114 of the Local Government Finance Act 1988 to report to Members if it appears that the expenditure the authority proposes to incur in a financial year is likely to exceed the resources available to it to meet that expenditure. In addition, duties under section 25 of the Local Government Act 2003 establish a requirement 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).

13.2. As a result, these duties require a professional judgement to be made by the Executive Director of Finance and Commercial Services as the officer ultimately responsible for the authority's finances. The Executive Director takes a view of the robustness of the Council's budget across the whole period covered by the Medium Term Financial Strategy and this will be fully reported to Members as part of the budget setting process in February 2022.

13.3. At this stage of the budget setting process, and with reference to the new saving proposals developed for 2022-23 and set out in this report, the initial assessment by the Executive Director of Finance and Commercial Services in relation to this duty is that a balanced budget can be proposed for 2022-23. This reflects the following key considerations and assumptions:

- The new savings proposals developed to date for 2022-23, alongside the £5m additional savings to be identified for Cabinet in January 2022, will help to establish a solid foundation for the development of a robust budget in future years, but a number of key risks remain.
- The current monitoring position for 2021-22 indicates an overspend outturn position, although work is underway to achieve a balanced position by the

end of the financial year. This will allow £18m of one-off resources held as a contingency pressure to be released so that they would therefore become available to support the 2022-23 Budget.

- Initial forecasts from District Councils suggest that the council tax base and collection position may be more resilient that previously forecast and may provide additional funding to support the 2022-23 gap. This will be confirmed as forecasts are developed through the remainder of the year.
- Contingent on the details of the Local Government Finance Settlement and without additional deliverable, recurrent savings, the Executive Director of Finance and Commercial Services recommends that a sustainable Medium Term Financial Strategy will require an increase in line with the maximum referendum threshold of 2% in core council tax, 1% Adult Social Care Precept (2022-23), and the deferred 1% increase in Adult Social Care precept.
- Significant risks remain around the scale of the likely gap for 2023-24 and future years, subject to the level of one-off options required to balance the 2022-23 budget.
- The assessment of the robustness of the Budget remains highly sensitive to the detail of Government decisions about funding made at the Spending Review 2021 and Autumn Budget 2021 (as announced 27/10/2021) and also the Local Government Finance Settlement for 2022-23.

13.4. In addition, the judgement takes into account the fact that work is underway to quantify and validate significant emerging pressures which will need to be included in the final Budget proposals in February 2022 where they are shown to be appropriate and unavoidable.

- Pressures within adults and children's social care including growth in demand, additional cost of purchasing care provision and delays in delivery of savings (in part linked to COVID-19 impacts);
- Risks linked to hospital discharge activities for which funding is only confirmed until March 2022;
- Potential cost pressures linked to Government social care reforms;
- Other demographic pressures including home to school transport;
- Impact of policy decisions (e.g. ongoing revenue budget for flood prevention);
- Cost pressures in areas such as Trading Standards;
- Property cost pressures in particular ongoing PPE warehouse costs;
- Government funding ceasing;
- Pressures linked to the National Living Wage;
- Exceptional inflation pressures including for energy, fuel, and utilities; and
- Other decisions with cost implications, legislative and other changes.

13.5. Further risks are also emerging around long term economic impacts of issues including the COVID-19 pandemic. Similarly, any disruption to the food supply chain could result in additional costs related to the need to provide support to vulnerable members of society. Any resulting pressures in this area will be identified through the remainder of the budget process. Children's services, in both social care and education (particularly the High Needs Block), continue to be under very significant stress. There remains a risk, as previously highlighted to Cabinet, that many of these pressures continue to increase in the medium-term partly as a result of additional needs driven by the impacts of COVID-19.

13.6. Taking the above into account, the Executive Director of Finance and Commercial Services' current advice is that the Council needs to continue to develop the 2022-23 Budget in a way which offers flexibility to respond to changes in the wider environment and operating context. This includes a further process to identify deliverable recurrent savings for 2022-23 to be undertaken in November / December and to report in January 2022. The overall Budget position will be kept under review as budget planning continues through the remainder of the year. As part of setting the 2022-23 Budget, the Executive Director of Finance and Commercial Services will also consider the adequacy of the overall General Fund balance, the need for a general contingency amount within the revenue budget, uncertainty about Government funding, and the further implications of Brexit, COVID-19, and the Council's wider value for money position.

13.7. As in previous years, the 2022-23 Budget needs to be prepared with reference to the Financial Management Code (the FM Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The FM Code provides guidance about the principles of good and sustainable financial management, and requires authorities to demonstrate that processes are in place which satisfy these principles. It identifies risks to financial sustainability and sets out details of a framework of assurance which reflects existing successful practices across the sector. In addition, 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. Further details of how the Council considers it achieves compliance with the FM Code will be set out in the February Cabinet Budget report.

14. Council tax and Adult Social Care precept

14.1. As set out above, the MTFS approved by Members in February 2021 assumed a 1.99% increase in council tax for 2022-23 and subsequent years, plus a 1.00% increase in the Adult Social Care precept for 2022-23 (deferred from 2021-22). At the Spending Review 2021, the Government has announced that it intends to set the referendum thresholds for 2022-23 to 2024-25 for core council tax at 2%, and offer further flexibility to raise the Adult Social Care (ASC) precept by 1% in each year. After reviewing the currently available information, the Section 151 Officer anticipates recommending that Members agree the maximum council tax increase available within the referendum threshold, plus the deferred amount from 2021-22. The pressures within the current budget planning position are such that, unless mitigated by additional savings or government funding, the Executive Director of Finance and Commercial Services considers that the Council will have very limited opportunity to vary these assumptions, and in the event that the Government offered the discretion for larger increases in council tax, or further increases in the Adult Social Care precept, this would be the recommendation of the Section 151 Officer in order to ensure that the council's financial position remains robust and sustainable. This judgement reflects:

- the levels of emerging service pressures balanced against saving proposals identified;
- consideration of the robustness of the Council's overall 2022-23 budget;
- the risks for the longer term financial position, and in particular the need to ensure that a resilient budget can be set in future years,
- reliance on one-off measures to support the 2022-23 Budget which will need to be addressed in 2023-24.
- the considerable remaining uncertainty around risks, funding and cost pressures in 2022-23 and beyond.

14.2. When we next update Cabinet we will have greater clarity as to the actual sums of money the spending review announcements equate to in the local government settlement; this could ameliorate some of the pressures outlined above. Similarly a fundamental review of how the Council operates (with resultant savings) would also have a bearing on the above advice if it enhanced the robustness of the Council's MTFS. The precise final level of any change in council tax will be confirmed in February 2022 and is subject to Member decision making annually.

Table 11: Current Council Tax assumptions in MTFS and for consultation

	2021-22	2022-23	2023-24	2024-25	2025-26
General council tax	1.99%	1.99%	1.99%	1.99%	1.99%
Adult Social Care precept	2.00%	1.00%	0.00%	0.00%	0.00%
Total increase	**3.99%**	**2.99%**	**1.99%**	**1.99%**	**1.99%**
Alternative level for consultation following SR21					
General council tax	n/a	1.99%	1.99%	1.99%	1.99%
Adult Social Care precept	n/a	1.00%	1.00%	1.00%	1.00%
Adult Social Care precept (deferred)	n/a	1.00%	n/a	n/a	n/a
Total increase	n/a	**3.99%**	**2.99%**	**2.99%**	**2.99%**

15. Impact of the Proposals

15.1. This paper sets out further details of the Council's budget planning process for 2022-23, while recognising that significant risks and uncertainties remain. The proposals in this report will:

- set the context for public consultation on and equality impact assessments of the 2022-23 Budget proposals;
- provide an opportunity for Cabinet to comment on and provide guidance about the departmental saving proposals and emerging pressures; and
- determine the next steps which will contribute to the Council setting a balanced budget for 2022-23.

16. Evidence and Reasons for Decision

16.1. The County Council continues to engage with Government, MPs and other stakeholders to campaign for adequate and sustainable funding for Norfolk to continue to deliver vital services to residents, businesses and visitors. The Council looks forward to Government issuing guidance on financial planning assumptions, particularly indicative funding allocations for 2022-23, as soon as possible. The Council's MTFS planning builds on the position agreed in February 2021 and this continues to be updated as more reliable information about cost pressures and funding impacts emerges through the process. The proposals in the report reflect a prudent response to the challenges and uncertainties present in the 2022-23 planning process and will ultimately support the Council to develop a robust budget for the year.

17. Alternative Options

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

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

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

17.3. Final decisions about the overall shape of the 2022-23 Budget, savings, and council tax will not be made until February 2022, when they will be informed by Local Government Finance Settlement figures, forecasts supplied by District Councils, and the findings of EQIA and public consultation activity.

17.4. The deliverability of all saving proposals will continue to be kept under review by the Section 151 Officer as further detailed implementation plans are developed and up until final budget setting proposals are presented to Cabinet in February 2022.

18. Financial Implications

18.1. Financial implications are discussed throughout the report. This paper sets out the initial savings proposals developed to address the targets agreed in July and which will need to be delivered by each department to contribute to closing the 2022-23 and future year budget gap, subject to formal approval by Full Council in February 2022. If ultimately approved in the Budget, the proposals in this paper will require departments to deliver further significant savings.

18.2. The Council is legally required to set a balanced Budget annually and should plan to achieve this using a prudent set of assumptions. However, as previously set out, Members could choose to vary the allocation of indicative targets between Directorates, establish an alternative approach to identifying savings, or substitute proposals brought forward. Work to deliver additional Government funding could also have an impact on the overall budget gap to be addressed. As a result, the budget setting process and savings targets will continue to be kept under review as budget planning progresses.

18.3. The scale of the budget gap and savings required over the MTFS are such that if the Council is required to deliver savings at this level there is a risk that it could result in the Council failing to fulfil its statutory responsibilities. As such the Government's response and decisions about Council funding in 2022-23 will be hugely significant. The continuing pandemic recovery, Spending Review, Fair Funding Review and others may all offer opportunities to adequately fund local authorities to provide vital services and contribute towards the national recovery. While initial indications are that the recently announced Social Care funding reform may not represent the panacea which might have been hoped for, further details and implications remain to be fully understood.

18.4. Any changes in Government funding could have a material impact on both the level of savings to be identified, and the Council's wider budget process. Fundamentally there is a need for a larger quantum of funding to be provided to local government to provide a sustainable level of funding for future years.

19. Resource Implications

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

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

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

20. Other Implications

20.1. **Legal Implications:** This report forms part of the process that will enable the Council to set a balanced budget for 2022-23 in line with statutory requirements, including those relating to setting council tax, and undertaking public consultation.

20.2. **Human Rights implications:** No specific human rights implications have been identified.

20.3. **Data Protection Impact Assessments (DPIA):** None.

20.4. **Health and Safety implications (where appropriate):** None.

20.5. **Sustainability implications (where appropriate):** There are no direct sustainability implications arising from this report although existing 2022-23 budget plans include funding for activities which may have an impact on the environmental sustainability of the County Council through the delivery of the Environmental Policy. These issues were considered in more detail within the February budget report to Full Council. The MTFS currently assumes that cost pressures and capital schemes to achieve 2030 carbon neutrality as set out in the Environmental Policy are sufficient, however as set out in the report "*Natural Norfolk: Progress on delivering the Environmental Policy*" elsewhere on the agenda, proposals to support the Council's move towards decarbonisation will have financial implications for the County Council. Further work will be undertaken so that as far as possible any cost pressures linked to environmental policy and carbon reduction activities are reflected in the Budget and Medium Term Financial Strategy presented to Cabinet in January 2022. Sustainability issues in relation to any new 2022-23 budget proposals will need to be further considered once initiatives are finalised as part of budget setting in February 2022.

20.6. **Any other implications:** Significant issues, risks, assumptions and implications have been set out throughout the report.

21. Equality Impact Assessment (EqIA)

Introduction

21.1. Local authorities are required by the Equality Act 2010 to give 'due regard to equality' when exercising public functions, such as setting the annual budget.[11]

[11] 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 Act;
- Advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it;
- Foster good relations between people who share a relevant protected characteristic and people who do not share it.

21.2. Many local authorities summarise their efforts to give ‘due regard to equality’ in a document called an '**equality impact assessment**' – because this is an accessible way to analyse and evidence the different ways a proposal might impact on people with protected characteristics.

21.3. If the assessment identifies any detrimental impact, this enables mitigating actions to be developed.

21.4. It is not always possible to adopt the course of action that will best promote the interests of people with protected characteristics. However, giving ‘due regard to equality’ enables informed decisions to be made that take every opportunity to minimise disadvantage.

How the Council gives due regard to equality on the budget savings proposals

21.5. Due regard to the equality has been given to the savings proposals set out in this report. This includes ensuring that:

- The proposals are compliant with the Equality Act 2010
- Information about the proposals is accessible
- Arrangements for public consultation are inclusive and accessible
- The proposals are informed by the Council’s equality impact assessments of COVID-19 and Digital Inclusion.

21.6. Following confirmation (or any changes made) by the Cabinet at this November meeting that the proposals will be taken forward for budget planning for 2022-23, further analysis in the form of equality impact assessments will take place of each proposal, to consider the impact on people with protected characteristics.

21.7. Equality impact assessments cannot be completed until the public consultation is concluded. This is because the Council must ensure that it has fully understood the impact of each proposal on service users, particularly service users with protected characteristics.

21.8. The findings of equality impact assessments will be published for consideration by the Cabinet in the Strategic and Financial Planning 2022-23 report of January 2022, and in advance of the final decision by the Full Council about the overall Budget in February 2022.

22. Risk Implications/Assessment

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

- This is called the ‘Public Sector Equality Duty’. The full Equality Act 2021 is available on legislation.gov.uk.

- The ultimate impact of COVID on the budget in 2022-23, including in particular:
    - any ongoing cost pressures within service delivery and contracted services which have not currently been provided for, including the financial impact of any future lockdowns and/or where services resume but need to be operated on reduced numbers (for example adult day care)
    - ongoing pressures on income particularly in relation to business rates and council tax
    - the implications of any measures implemented by Government to restore the national finances in the medium to longer term
- Ongoing uncertainty around local government (and wider public sector finances) including:
    - the full implications of SR21 announced 27 October 2021
    - Government decisions about the council tax referendum limit or further ASC precept flexibilities for 2022-23
    - the need for a long term financial settlement for local government
    - delivery of reforms to local government funding including the Fair Funding Review, Adult Social Care funding, reforms to the Business Rates system, changes to other funding streams including the New Homes Bonus
    - Further decisions about Local Government reorganisation.

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

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

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

22.4. The Council is currently in the process of implementing a new HR and Finance System (MyOracle), following approval of the business case presented in May 2019. The current budget makes provision for the revenue and capital costs associated with the system, which is expected to deliver some savings during 2022-23, with full benefits achieved from 2023-24, based on implementation in April 2022. As a result, the 2021-22 Budget incorporates some early savings realised within Finance and Commercial Services in 2021-22, with the majority of savings now assumed in the planning position from 2022-23, which assists in closing the MTFS gap position in future years. The assumed level of annual savings in the original business case was £3m. The effective delivery of this programme may therefore have implications for the 2022-23 Budget both in terms of (1) the level of savings assumed within the MTFS and (2) the underlying impact of a new system on the budget setting process. The latest details about the progress of this major project are provided in the *MyOracle programme update* report to Corporate Select Committee in November 2021.

23. Select Committee comments

23.1. Select Committees previously considered the Council's budget setting process in July, and requested a further opportunity to comment on detailed proposals for the 2022-23 Budget. It is therefore proposed that this report is presented to November Select Committee meetings in order to provide them with an opportunity to comment on proposals which relate to the areas within their remit. Any comments from Select Committees will be reported to Cabinet to inform budget-setting decisions in January 2022.

24. Recommendations

24.1. Cabinet is recommended:

1. **To consider and comment on the County Council strategy as set out in section 2 and how the Budget process is aligned to the overall policy and financial framework;**

2. **To consider the potential implications of Government announcements about Social Care, the considerable uncertainty remaining in respect of these, which may result in additional cost pressures in the medium to longer term, and agree that these should be reflected, where possible, in the 2022-23 Budget;**

3. **To consider the latest details of announcements made at the Spending Review 2021 and Autumn Budget 2021, and note that the outcome of these national funding announcements, alongside the Local Government Finance Settlement, will have potentially significant impacts on the 2022-23 Budget position, which will not be fully known until later in the process;**

4. **To consider and agree for planning purposes the latest assessment of significant areas of risk and uncertainty around emerging budget pressures for the 2022-23 Budget and Medium Term Financial Strategy, which remain to be resolved and which may have a material impact on budget planning (paragraph 13.4);**

5. **To confirm that Cabinet's intention is to seek, as planned, a total council tax increase of 2.99% for 2022-23 made up of 1.99% general council tax and 1.00% adult social care precept deferred from 2021-22;**

6. To direct Executive Directors to seek to identify further recurrent savings of £5.000m and to report to Cabinet in January 2022;

7. To agree to undertake a full review of how the Council operates to deliver its future services and strategy;

8. To have regard to the Executive Director of Finance and Commercial Services' advice about the sustainability of the Medium Term Financial Strategy position (section 13), noting the wider uncertainty about funding levels and cost pressures for 2022-23 and 2023-24, and therefore to agree to consult the public on a range of council tax increases including the maximum increase available within the referendum threshold, in order to provide Full Council with the scope to use the full range of Council Tax flexibility, if required, when setting the 2022-23 Budget in February 2022;

9. To consider and agree the proposed savings as set out in sections 7-12 (tables 5-10) to be taken forward in budget planning for 2022-23, subject to final decisions about the overall Budget in February 2022, noting the level of savings already included from the 2021-22 Budget process (table 2);

10. To agree that public consultation (as set out in section 5) and equality impact assessment (as set out in section 21) be undertaken on the 2022-23 Budget and saving proposals as set out in sections 7-12 (tables 5-10), and the level of council tax and Adult Social Care precept for 2022-23, as set out in section 14 and table 11;

11. To note the responsibilities of the Executive Director of Finance and Commercial Services under section 114 of the Local Government Act 1988 and section 25 of the Local Government Act 2003 to comment on the robustness of budget estimates as set out in section 13, and having regard to the level of savings required for 2023-24, to direct Officers to bring forward proposals to support early development and identification of saving proposals for 2023-24 with a focus on transformational activity;

12. To agree the proposed next steps in the Budget planning process for 2022-23, and the remaining Budget planning timetable (Appendix 1); and

13. To note and thank Select Committees for their input into the Budget development process for 2022-23 in July, and to invite Select Committees to comment further on the detailed saving proposals set out in this report when they meet in November 2021 (section 23).

25. Background Papers

25.1. Background papers for this report are listed below:

Norfolk County Council Revenue and Capital Budget 2021-22 to 2024-25, County Council 22/02/2021, agenda item 5

Finance Monitoring Report 2020-21 Outturn, Cabinet, 07/06/2021, agenda item 13

Strategic and Financial Planning 2022-23, Cabinet, 05/07/2021, agenda item 17

Risk Management report, Cabinet, 06/09/2021, agenda item 14

Finance Monitoring Report 2021-22 P6, Cabinet, 08/11/2021 (on this agenda)

Budget Book 2021-25

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

Appendix 1: Budget setting timetable 2022-23

Activity/Milestone	Time frame
Review of budget pressures and development of detailed savings proposals 2022-26: Budget Challenge 2 – detailed proposals	10 to 14 September 2021
Spending Review 2021 and Autumn Budget announcement	27 October 2021
Cabinet considers full savings proposals and agrees proposals for public consultation	8 November 2021
Scrutiny Committee 2022-23 Budget scrutiny	24 November 2021
Select Committee comments on 2022-23 saving proposals	15, 17, 19 November 2021
Public consultation on 2022-23 Budget and council tax and Adult Social Care precept options	25 November to 30 December 2021 TBC
Provisional Local Government Finance Settlement announced including provisional council tax and precept arrangements*	TBC around 5 December 2021
Confirmation of District council tax base and business rate forecasts	31 January 2022
Cabinet considers outcomes of service and financial planning, EQIA and consultation feedback and agrees revenue budget and capital programme recommendations to County Council	31 January 2022
Final Local Government Finance Settlement*	TBC January / February 2022
Scrutiny Committee 2022-23 Budget scrutiny	16 February 2022
County Council agrees Medium Term Financial Strategy 2022-23 to 2025-26, revenue budget, capital programme and level of council tax for 2022-23	21 February 2022

**Dates TBC*

Corporate Select Committee

Item No:11

Report Title: Constitutional Amendments – Policy Framework and Local Choice Functions

Date of Meeting: 15 November 2021

Responsible Cabinet Member: Cllr Andrew Proctor (Leader and Cabinet Member for Strategy & Governance**)**

Responsible Director: Helen Edwards Director of Governance

Executive Summary

The Corporate Select Committee is charged with considering changes to the Constitution. During a recent review, it has been noticed that those functions that can be a matter for Council, or for the Executive have not been identified as clearly as they could be. Therefore, for the first part of this paper we have set out the local choice functions applicable to County Council decision making and suggested who the decision maker should be. The second part of this paper is concerned with the policy framework. The policy framework is the list of documents that appear in article 4 of the Constitution. Some documents (statutory plans) must be adopted by the full Council. But others, as indicated on the list in this report, are plans that the Council could consider adding to the list as those documents that set the policy tone and direction in which the whole council operates. The content of the major policy framework has recently been reviewed by Executive Directors, as a result of which changes are being recommended.

Recommendations

The Corporate Select Committee is asked to:

1. Agree the local choice functions and decision maker and recommend these to Full Council
2. Agree the policy framework list and recommend this to Full Council

1. Local Choice Functions

1.1 The Local Authorities (Functions and Responsibilities) Regulations 2000 explain the split of functions between the Council (and its committees) and the Executive (the Leader and the Cabinet and cabinet members).

1.2 In Schedule 2 of those Regulations there is a list of functions that may be, but do not need to be, exercised by the Executive. Although a number of these functions are delegated through the constitution, for completeness it is recommended that the table below is included in the Constitution.

	Local choice functions	**Decision maker**	**Delegation**
1	Any function under a Local Act other than a function specified or referred to in Regulation 2 or Schedule 1 of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000.	Leader	There are no current local acts but if there were to be the Leader would delegate these through the scheme of delegation
2	Determining appeals against any decision made by or on behalf of the Council	Council	Delegated to the Planning and Regulatory Committee
3	Repealed		
4	The making of arrangements in relation to appeals against the exclusion of pupils from maintained schools	Leader	Delegated to the Executive Director Children's Services
5	The making of arrangements pursuant to sections 94(1), (1A) and (4) of the 1998 Act (admissions appeals)	Leader	Delegated to the Executive Director Children's Services
6	The making of arrangements pursuant to section 95(2) of the 1998 Act (children to whom section 87 applies: appeals by governing bodies)	Leader	Delegated to the Executive Director Children's Services
7	Repealed		
8	Repealed		
	Any functions relating to contaminated land	Leader	Delegated to the Head of Trading Standards and the Head of Planning
9	Any function relating to the control of pollution or the management of air quality.	Leader	Delegated to the Head of Trading Standards and the Head of Planning
10	Not relevant		
11	Not relevant		
12	Not relevant		
13	Not relevant		

14	Obtaining information as to interests in land under Section 330 of the Town and Country Planning Act 1990.	Council	Delegated to the Planning (Regulatory) Committee
15	Obtaining particulars of persons interested in land under Section 16 of the Local Government (Miscellaneous Provisions) Act 1976.	Council	Delegated to the Planning (Regulatory) Committee
16	Making agreements for the execution of highways works.	Leader	Delegated to M grade officers and above
17	The appointment of any individual to any office (other than one in which the individual is employed by the Council) or to any outside body, and the revocation of any such appointment.	Leader	Remains with the Leader subject to the provisions in appendix 3(2)(b) of the constitution
18	Making agreements with other local authorities for the placing of staff at the disposal of those authorities	Leader	Delegated to the Cabinet (page 30 of the constitution)

2. Policy framework

2.1 The second matter the Committee is asked to consider is the policy framework.

2.2 The current policy framework reads;

a) County Council Business Plan

b) New Anglia Strategic Economic Plan

c) Annual investment and treasury management strategy

d) Joint Health and wellbeing strategy

e) Children and young people's strategy

f) Adoption statement of purpose

g) Fostering statement of purpose

h) Adult social care strategy (currently promoting independence)

i) Local Transport Plan

j) Norfolk County Council Waste strategy and policies

k) Minerals and Waste development framework

l) Fire and Rescue Integrated Risk Management Plan

m) Youth Justice Plan

n) Public Health Annual Report

o) Asset Management Plan

2.3 It is stated in the constitution that this list will be reviewed on an annual basis by the Corporate Select Committee.

2.4 Executive Directors have been asked to consider this list and recommend the amended list below;

a) Norfolk County Council Strategy

b) Annual investment and treasury management strategy

c) Children and young people's strategy*

d) Adult social care strategy

e) Local Transport Plan*

f) Norfolk County Council Waste strategy and policies*

g) Minerals and Waste development framework*

h) Fire and Rescue Integrated Risk Management Plan as part of the Crime and Disorder Reduction Strategy*

i) Youth Justice Plan*

j) Strategic Asset Management Plan

k) Environmental Policy (Agreed by Council in November 2019)

2.5 Plans with an asterix (*) are those that are legally required to be within the framework

3. Proposal

3.1 That the Corporate Select Committee considers the above matters and indicates;

a) If they are in agreement with the local choice functions delegations and
b) If they are content with the policy framework

4. Impact of the Proposal

4.1 If in agreement the changes will be made to the constitution and it will be submitted to full Council for formal agreement

5. Evidence and Reasons for Decision

5.1 Executive Directors have considered what they think is the policy framework for the council and have put forward those policies in their area which they believe create the framework in which the Council operates

6. Alternative Options

6.1 retain the status quo and make no changes. This may leave delegations under local choice functions vulnerable to those looking to challenge decisions and may mean that the policy framework becomes outdated.

7. Financial Implications

7.1 None

8. Resource Implications

8.1 Staff: None

8.2 Property: None

8.3 IT: None

9. Other Implications

9.1 Legal Implications: dealt with in the report

9.2 Human Rights Implications: n/a

9.3 Equality Impact Assessment (EqIA) (this must be included): not applicable

9.4 Data Protection Impact Assessments (DPIA): n/a

9.5 Health and Safety implications (where appropriate):n/a

9.6 Sustainability implications (where appropriate):n/a

9.7 Any Other Implications: n/a

10. Risk Implications / Assessment

10.1 No applicable risk implications

11. Recommendations

The Select Committee is asked to:

1.Agree the local choice functions and decision maker and recommend these to Full Council

2. Agree the policy framework list and recommend this to Full Council

12. Background Papers

12.1 none

Officer Contact
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Corporate Select Committee

Item No:12

Report Title: Financial Regulations update 2021-22

Date of Meeting: 15 November 2021

Responsible Cabinet Member: Cllr Andrew Jamieson (Cabinet Member for Finance)

Responsible Director: Simon George, Executive Director of Finance and Commercial Services

Executive Summary

The Corporate Select Committee is charged with considering changes to the Constitution.

It is best practice to review and update Financial Regulations on an annual basis to ensure that they remain up to date, aligned with current systems and processes, and compliant with statutory requirements.

This paper appends the Financial Regulations with amendments proposed following this annual review exercise.

Recommendations / Action Required [delete as appropriate]

The Select Committee is asked to:

1. Consider the proposed amendments to Financial Regulations and recommend these to Full Council.
2. Consider and recommend to Full Council the further amendments which would be required subject to Cabinet decisions in respect of the *Natural Norfolk: Progress on delivering the Environmental Policy* report.

1. Background and Purpose

1.1. The 2021 update represents a relatively light touch review following a comprehensive review to reflect the change to a Leader and Cabinet form of Executive and taking into account the fact that a further, more detailed review will be required in 2022-23 to reflect the implementation of the replacement HR and Finance System (MyOracle).

2. Proposal

2.1. Appendix 1 to this report sets out the Council's Financial Regulations with proposed changes identified. The key areas of change reflect:

2.1.1. Clarifying that responsibility for establishment of reserves rests with Cabinet.
2.1.2. Clarifying responsibilities in respect of monitoring VAT partial exemption.
2.1.3. Revising thresholds for property acquisition and disposal.
2.1.4. Updates required due to changes following departure from the European Union, such as the replacement of "State Aid" with subsidy rules.
2.1.5. Clarifying responsibilities in respect of the receipt of grant income (including cross-reference within Annex A scheme of virement).
2.1.6. Clarifying the position in respect of the Council acting as guarantor
2.1.7. Clarifying arrangements for the making of loans by the Council.
2.1.8. Amending references to the Asset Management Plan to refer to the Strategic Asset Management Plan.
2.1.9. Clarifying within Annex B that reports under s114 are made to Full Council, while reports under s114a are made to Cabinet.
2.1.10. Various minor wording and factual corrections including updates to job titles and names of Government departments (for example the newly established Department for Levelling Up, Housing and Communities (DLUHC)).

2.2. In November, Cabinet will consider a report *Natural Norfolk: Progress on delivering the Environmental Policy*. This report sets out details of a financial and procurement framework for carbon reduction and includes a recommendation to "*Ask the Executive Director of Finance and Commercial Services to propose changes to the Contract Standing Orders and the Financial Regulations to enact recommendations*". As yet, these changes are not reflected within the changes to the Financial Regulations presented within the attached appendix. In the event that the recommendations of the report are approved by Cabinet on 8 November 2021, further changes to the Financial Regulations would be required to reflect the following matters:

2.2.1. In respect of non-transport investments there will not be a maximum payback period for carbon reduction projects where the Executive Director of Finance and Commercial Services agrees that the net present value of the project is positive, after allowing a reasonable contingency for risk.
2.2.2. Responsibilities for Executive Directors, in consultation with the Director of Procurement, to evaluate planned capital projects within their services, and capital contracts as they fall due for replacement or extension, in order to:

- identify any potential to reduce whole-life carbon emissions.
- consider the optimum balance between price and low carbon which can be achieved; and

- ensure that any identified cost pressures linked to carbon reduction in respect of their capital projects are provided for within capital budgets.

2.2.3. Responsibilities for Executive Directors, in consultation with the Director of Procurement, to evaluate contracts within their services as they fall due for replacement or extension, and proposals for new contracts, in order to:

- identify any potential to reduce carbon emissions.
- consider the optimum balance between price and carbon reduction opportunities which can be achieved; and
- ensure that any identified cost pressures linked to carbon reduction in respect of their services are provided for within the Council's budget and Medium Term Financial Strategy

2.3. If Cabinet agree to the proposed changes, the Financial Regulations will be further amended to include the changes listed above. An update on the outcome of the Cabinet discussion will be reported to the Select Committee meeting and any required changes will then be reflected within the Financial Regulations presented to Council following this committee's review.

3. Impact of the Proposal

3.1. If in agreement, the changes will be made to the constitution and it will be submitted to full Council for formal agreement

4. Evidence and Reasons for Decision

4.1. The annual process to review Financial Regulations has been undertaken with input from officers across the organisation. The proposals ensure that the Financial Regulations remain current and reflect policy decisions.

5. Alternative Options

5.1. Retain the status quo and make no changes, or propose alternative changes. This may risk the Financial Regulations becoming outdated.

6. Financial Implications

6.1. No direct financial implications. Amendments to the Financial Regulations ensure they remain fit for purpose and set the financial context within which the County Council operates.

7. Resource Implications

7.1. **Staff:** None identified.

7.2. **Property:** None identified.

7.3. **IT:** None identified.

8. Other Implications

8.1. **Legal Implications:** None identified.

8.2. **Human Rights Implications:** None identified.

8.3. **Equality Impact Assessment (EqIA) (this must be included):** None identified.

8.4. **Data Protection Impact Assessments (DPIA):** None identified.

8.5. **Health and Safety implications (where appropriate):** None identified.

8.6. **Sustainability implications (where appropriate):** None identified, although additional changes will support implementation of the proposals set out in *Natural Norfolk: Progress on delivering the Environmental Policy*.

8.7. **Any Other Implications:** None identified.

9. Risk Implications / Assessment

9.1. No specific risks have been identified. If Financial Regulations are not regularly reviewed there is a risk they may become outdated or non-compliant with statutory or other changes.

10. Recommendations

10.1. The Select Committee is asked to:

1. Consider the proposed amendments to Financial Regulations and recommend these to Full Council.
2. Consider and recommend to Full Council the further amendments which would be required subject to Cabinet decisions in respect of the Natural Norfolk: Progress on delivering the Environmental Policy report.

11. Background Papers

11.1. *Natural Norfolk: Progress on delivering the Environmental Policy, Cabinet, 08/11/2021, agenda item 9*

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Item 12

Appendix 1

Appendix 15

FINANCIAL REGULATIONS

Background

A. The County Council's governance structure is laid down in the Constitution, which sets how the County Council operates; how decisions are made; and how procedures are followed.

B. The County Council has adopted a Cabinet and Leader form of governance.

C. Elected Members are responsible for "ownership" of the County Council's financial management. Responsible Budget Officers (RBOs) act on behalf of the County Council in exercising that responsibility and in securing compliance with the County Council's Financial Regulations.

D. The County Council's Head of Paid Service is responsible for the corporate and strategic management of the County Council. The Head of Paid Service must report to, and provide information for, the County Council, its Cabinet and Committees. Furthermore, the Head of Paid Service is responsible for establishing a framework for management direction, style, and standards, and for monitoring the performance of the organisation. The Head of Paid Service is also responsible, together with the Monitoring Officer (Director of Governance), for the system of record keeping in relation to all the County Council's decisions.

E. The Statutory Finance Officer, the Executive Director of Finance and Commercial Services at Norfolk County Council, has statutory duties in relation to the administration and stewardship of the County Council's financial affairs. This statutory responsibility cannot be overridden. The statutory duties arise from the legislation referenced in 2.5.3.

F. The Executive Director of Finance and Commercial Services is responsible for the proper administration of the County Council's financial affairs and for setting and monitoring compliance with agreed standards of financial administration and management, including advice on the County Council's corporate financial position. The Executive Director of Finance and Commercial Services is also the "head of profession" for all finance staff in the County Council and has a responsibility for their professional standards, competencies, training and development. Within these Financial Regulations, the terms Statutory Finance Officer, Chief Finance Officer, and Section 151 Officer all refer to the Executive Director of Finance and Commercial Services.

Contents

1. Status of Financial Regulations

1.1. Purpose and Scope

1.1.1. These Financial Regulations provide the basis for managing the County Council's financial affairs. They provide a framework for decision-making, which sets out how specific statutory powers and duties are complied with, as well as reflecting best professional practices. This document also acts as a reference point to other documents which include the detailed policies and procedures behind these Financial Regulations.

1.1.2. The Financial Regulations apply to every elected Member and officer of the County Council and, when stated, to third parties acting specifically on its behalf. The Regulations apply to all Norfolk County Council's financial arrangements, including joint committees, save where there is express agreement to the contrary.

1.2. Key Roles and Responsibilities

1.2.1. The Regulations identify the financial responsibilities of the County Council, Cabinet and its Committees, the Executive Director of Finance and Commercial Services and other Executive Directors.

1.2.2. All elected Members and staff have a general responsibility for taking reasonable action to provide for the security of the County Council's assets under their control, and for ensuring that the use of these resources is legal, properly authorised, and provides value for money.

1.2.3. The Executive Director of Finance and Commercial Services is responsible for maintaining a continuous review of the Financial Regulations and for submitting any additions or changes necessary to County Council for approval and at a minimum annually. Elected Members are responsible for considering and approving the County Council's Financial Regulations and for satisfying themselves that they are sufficient to ensure sound financial management of the County Council's resources.

1.2.4. The Executive Director of Finance and Commercial Services is responsible for reporting, where appropriate, breaches of the Financial Regulations to the County Council, Cabinet and the Audit Committee.

1.2.5. The Executive Director of Finance and Commercial Services is responsible for issuing advice and guidance on the operation of the Financial Regulations. The County Council's detailed 'Financial Procedures', which support these Regulations, are determined by the Executive Director of Finance and Commercial Services and set out how the Regulations will be implemented.

Financial Procedures are described in separate guidance and have the same status as the Financial Regulations.

1.2.6. Executive Directors are responsible for ensuring that all staff in their departments are aware of the existence and content of the County Council's Financial Regulations, Financial Procedures and other internal regulatory documents and that they comply with them at all times. They must ensure that all staff have access to, or the opportunity to access, these Regulations, Procedures and other regulatory documents either published on the County Council's internet or intranet (MyNet) pages as appropriate.

1.2.7. The Executive Director of Finance and Commercial Services is responsible for ensuring that both elected Members and officers are sufficiently competent, trained and informed regarding the financial affairs of the Council.

2. Financial Management

2.1. Introduction

2.1.1. Financial management covers all financial activities in relation to the running of the County Council, including the policy framework and budget. In overall terms, elected Members are responsible for agreeing the financial policy framework and officers are responsible for advising Members, and for the operational delivery of financial processes in line with the agreed policy. The financial management responsibilities for particular Members' groups and individual post-holders are detailed in this section.

2.2. The Council

2.2.1. The County Council is responsible for adopting and changing the principles of governance and for approving or adopting the policy framework and budget within which the Council operates.

2.2.2. The principles of decision making, and the roles of the Leader, Cabinet, Select Committees, and Scrutiny Committee are set out in Articles 6, 7 and 12 of the Norfolk County Council Constitution.

2.3. The Cabinet

2.3.1. The Cabinet is responsible for all the Council's functions which are not the responsibility of any other part of the Council, whether by law or under this Constitution.

2.4. Scrutiny Committee

2.4.1. Scrutiny Committee reviews or scrutinises decisions made, or other action taken in accordance with:

i) any functions which are the responsibility of the Executive, including decisions made/actions taken directly by the Executive itself and those decisions/actions delegated to Chief Officers and individual Members of the Executive; and

ii) any functions which are not the responsibility of the Executive.

2.5. Statutory Officers

2.5.1. The Head of Paid Service

The Head of Paid Service is accountable to the County Council and Cabinet for the manner in which the discharge of the Council's functions is coordinated.

2.5.2. The Monitoring Officer (Director of Governance)

The Monitoring Officer is responsible for maintaining an up-to-date version of the Constitution and contributing to the promotion and maintenance of high standards of conduct through provision of support to the Standards Committee. They are also responsible, in conjunction with the Head of Paid Service and the Executive Director of Finance and Commercial Services, for reporting to the County Council and Cabinet if they consider that any proposal, decision, or omission would give, is likely to give, or has given, rise to a contravention of any enactment or rule of law, or any maladministration or injustice. Such a report has the effect of stopping the proposal or decision being implemented until the report has been considered. The Monitoring Officer will also provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and Budget and Policy Framework issues to all Members.

2.5.3. The Chief Finance Officer (Executive Director of Finance and Commercial Services)

The Council has designated the Executive Director of Finance and Commercial Services as the Chief Finance Officer. The Chief Finance Officer has statutory duties in relation to the financial administration and stewardship of the Council. The statutory duties arise from:

- Section 151, Local Government Act 1972
- The Local Authorities Goods and Services Act 1970 and 1988
- Section 114, Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Local Government Acts 2000 and 2003
- The Accounts and Audit (England) Regulations 2015

- The Local Government Pension Scheme Regulations 1974 and 1997
- The Local Government Pension Scheme Regulations (Management and Investment of Funds) 1998
- The Localism Act 2011

There are other Statutory Officer roles as set out within the Constitution, these include: Executive Director of Children's Services, Executive Director of Adult Social Services, Chief Fire Officer and Director of Public Health.

2.6. The Money Laundering Reporting Officer

2.6.1. The Director of Governance is appointed as the Money Laundering Reporting Officer and the Head of Legal Services, nplaw and the Chief Internal Auditor as the Deputy Money Laundering Reporting Officers. The Council has an Anti-Money Laundering Policy and Procedures in place. The Money Laundering Reporting Officer is the officer responsible for reporting disclosures to the National Crime Agency.

2.7. Executive Director of Finance and Commercial Services

2.7.1. The Executive Director of Finance and Commercial Services has statutory duties in relation to the financial administration and stewardship of the County Council. This statutory responsibility cannot be overridden.

2.7.2. The Executive Director of Finance and Commercial Services is also subject to compliance with Statements of Professional Practice issued from time to time.

2.7.3. The role of Executive Director of Finance and Commercial Services complies with the principles in the CIPFA best practice statement on the "Role of the Chief Financial Officer in Local Government." This statement confirms that the Executive Director of Finance and Commercial Services is not only a servant of the Council, but also has a fiduciary responsibility to local taxpayers as a trustee of public monies.

2.7.4. The Executive Director of Finance and Commercial Services is responsible for:

- the proper administration of the County Council's financial affairs
- ensuring adherence to accounting standards
- setting and monitoring compliance with financial management standards
- advising on the corporate financial position and on the key financial controls necessary to secure sound financial management, including the level of balances, closure of accounts and statement of accounts
- setting the framework for reporting financial implications to Cabinet
- providing financial information on the corporate position of the County Council

- providing financial advice and information on all the County Council's services
- preparing the overall revenue budget and capital programme, including the three-year rolling medium term financial strategy
- preparing the Strategic Asset Management Plan~~asset management plan~~
- reporting on the robustness of the estimates made for the purposes of budget calculations, and the adequacy of proposed financial reserves
- effective administration of the treasury management function and aspects of pension fund administration and investment
- preparing the prudential indicators and ensuring adherence to the authorised limits set by Council
- defining standards of financial administration and management throughout the County Council
- defining the competencies of finance employees and for the delivery of effective and appropriate training and development opportunities to those employees
- advising on the adequacy and effectiveness of internal systems of control and internal audit
- delivering appropriate financial training to Members and non-financial staff

2.7.5. The Executive Director of Finance and Commercial Services has the Head of Profession role for all finance staff in the County Council and has a responsibility for their professional standards, competencies, training and development. This includes ensuring that procedures are in place to enable Finance Business Partners for each service to concurrently support the Executive Director of Finance and Commercial Services and their Service Executive Director on key financial matters. Finance Business Partners report to the Director of Financial Management.

2.7.6. The Head of Profession role of the Executive Director of Finance and Commercial Services carries the statutory responsibility laid down by Section 151 of the Local Government Act 1972 to "make arrangements for the proper administration of the County Council's financial affairs." The Director of Financial Management performs the role of the Deputy Section 151 Officer.

2.7.7. Section 114 of the Local Government Finance Act 1988 requires the Executive Director of Finance and Commercial Services to report to each Member of the Council, and the External Auditor, if it appears to them that the authority, the County Council's Cabinet, a joint committee on which the County Council is represented, or one of its officers:

- has made, or is about to make, a decision which involves the County Council incurring unlawful expenditure
- has taken, or is about to take, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency to the County Council
- is about to make an unlawful entry in the County Council's accounts.

2.7.8. Details of the process which would be followed in the event of a report being issued under section 114 of the Local Government Finance Act 1988 are set out in Annex B. Section 114 of the 1988 Act also requires:

- the Executive Director of Finance and Commercial Services to nominate a properly qualified member of staff to deputise if he or she is unable to perform personally, the duties under section 114. The Director of Financial Management is nominated to deputise for the Executive Director of Finance and Commercial Services.
- the Authority to provide the Executive Director of Finance and Commercial Services with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

2.7.9. The Executive Director of Finance and Commercial Services is responsible for ensuring that all services are appropriately supported by skilled finance professionals. The Executive Director of Finance and Commercial Services is assisted in providing strategic financial support to services by Finance Business Partners.

2.8. Corporate Board

2.8.1. In addition to individual responsibilities, the Leader, Deputy Leader and Executive Directors (including the Head of Paid Service) form the Corporate Board, which, acting together and corporately is responsible for:

- advising on draft financial policies for consideration by Cabinet.
- working closely with Cabinet in developing financial policies.
- being the primary mechanism for collectively ensuring the delivery of the Council's corporate financial policies.

2.9. Executive Directors

2.9.1. Executive Directors are responsible:

- for ensuring that the Council is advised of the financial implications of all proposals relating to their respective services and for ensuring that the financial implications have been agreed by the Executive Director of Finance and Commercial Services;
- for consulting with the Executive Director of Finance and Commercial Services and seeking approval on any matter liable to materially[1] affect the County Council's finances before any commitments are entered or incurred. This includes notification to the Executive Director of Finance and Commercial Services as soon as possible in the event of identification of

[1] I.e. significantly impact on the Council's financial position

overspending or of a shortfall in income against the budget approved by the Council; and

- for ensuring that budget monitoring is undertaken monthly, and that costs are contained within budget. In the event of identification of overspending or a shortfall in income against the budget, Executive Directors are responsible for ensuring that corrective action is managed in a rigorous manner.

2.9.2. Executive Directors should maintain a written record where decision-making has been delegated to members of their staff, including seconded staff.

2.9.3. Executive Directors' role includes working with outside bodies and accessing additional funds and resources to support the County Council's programme of work.

2.10. Other Financial Accountabilities

2.10.1. Accounting Policies

The Executive Director of Finance and Commercial Services is responsible for ensuring appropriate accounting policies are in place and that they are applied consistently across the County Council.

2.10.2. Accounting Records and Returns

The Executive Director of Finance and Commercial Services is responsible for the accounting procedures and records for the County Council and must ensure that the financial accounts and financial records of the County Council comply with all accounting policies and standards where applicable and that these standards are applied consistently across the County Council.

2.10.3. Annual Statement of Accounts

The Executive Director of Finance and Commercial Services is responsible for ensuring that the annual Statement of Accounts is prepared in accordance with proper practices as required by the Accounts and Audit Regulations 2015. Proper practices include the Code of Practice on Local Authority Accounting in the United Kingdom (the code) and relevant statutory provisions. Council has delegated responsibility for approving the annual Statement of Accounts to the Audit Committee.

3. Financial Planning

3.1. Introduction

3.1.1. The Executive Director of Finance and Commercial Services, in accordance with the strategies, policies and priorities of the County Council, is to be responsible for the proper administration of the financial affairs of the County Council, including multi-year financial planning and control.

3.2. Revenue Budget

3.2.1. The consolidated revenue budget is proposed by the Cabinet and is approved by the County Council. The budget should have regard to proper accounting standards and include a statement of the allocation of resources to different services and projects and to proposed council tax levels. Once the overall budget has been approved by County Council, it cannot be increased by the Cabinet, subject to the arrangements set out in paragraph 3.7.5 below.

3.3. Capital Budget

3.3.1. The capital budget is approved by the County Council considering Cabinet's recommendations. The budget should have regard to proper accounting standards and include a statement of the allocation of resources to different services and projects, how the programme is to be funded, and any impact on the revenue budget.

3.4. Medium Term Planning and Budget Preparation

3.4.1. The County Council is responsible for agreeing the Council's priorities and policy framework. This sets the overall strategic framework for the County Council's services. The Medium-Term Financial Strategy sets out the approach and financial context for the County Council. The Medium-Term Financial Strategy also gives further detail as to how the County Council will deliver plans and resource services over three years. The County Council is responsible for agreeing a rolling three-year balanced budget and agreeing the council tax precept for the following financial year at the February County Council meeting. Executive Directors are collectively responsible for developing a framework and timetable to deliver medium term planning requirements. This framework will include: review of the planning context and the forward budget planning forecast; service priorities and costs; and provide a structure incorporating the development of medium-term service options including efficiencies, financial implications, risk impact and likelihood assessment; Member engagement, public and stakeholder consultation and the decision-making process.

3.4.2. Cabinet is responsible for setting the parameters and providing guidance on the preparation of the budget in consultation with the Executive Director of Finance and Commercial Services. The guidelines will take account of:

- legal requirements
- medium-term planning prospects
- the County Council's core roles
- all available resources including external funding and income
- fluctuations in demand, and inflation

- changes in grant funding
- best value
- government guidelines
- accounting standards
- the Prudential Code
- The County Council Plan
- Strategic Asset Management Plan
- Reserves, general and earmarked
- Arms' length bodies

It will also set out the minimum requirements for preparation of budget proposals including:

- option appraisal and use of whole life costing, comparing the relative costs of the options, over the life of the project. For example, whether to lease, purchase or new build;
- risk assessment and owner;
- equality and rural impact assessment, to ensure all the necessary key cross cutting issues are considered, including equality and sustainability; and
- Budget proposals pro-forma templates where appropriate to ensure that budget proposals are developed on a consistent basis.

3.4.3. The Executive Director of Finance and Commercial Services is responsible for ensuring that rolling three-year revenue and capital budget proposals are prepared on an annual basis for consideration by Cabinet. Cabinet is responsible for ensuring that the three-year revenue and capital budget proposals are robust and underpinned by an adequate level of reserves before submission to the County Council. Cabinet will publish to all County Council Members each autumn the financial context for forward financial service planning, a review of the issues relating to the budget for the following financial year, and a timetable for the preparation and approval of the budget. This timetable will take account of the need for discussion and review of the proposals by Select Committees and the Scrutiny Committee and of the need for statutory and other consultation on the budget proposals.

3.4.4. It is the responsibility of Executive Directors to ensure that proposals are prepared in accordance with the guidance, to ensure that budgets are set on a sound financial basis and in accordance with best practice including ensuring that they have been risk assessed.

3.4.5. The Executive Director of Finance and Commercial Services is responsible for ensuring that proposals demonstrate adherence to the guidance and Members should ensure that any proposed budget amendments are made available to the Executive Director of Finance and Commercial Services at least five working days before the County Council budget meeting. Members should adhere to any agreed protocol for budget amendments. Members' proposed budget amendments must be finalised two working days before the County Council budget meeting in order that the Executive Director of Finance and Commercial Services can report on the robustness of any proposed budget amendments. In accordance with established culture and practice, proposed budget amendments received in accordance with Financial Regulations will be published in advance of the County Council meeting at which they are to be discussed.

3.4.6. The County Council will consider the budget proposals and may adopt them, amend them or substitute its own proposals in their place prior to 1 March. The County Council will agree at least a three-year balanced budget and agree the precept for the following year.

3.5. Strategic Asset Management Plan

3.5.1. The Corporate Property Officer (Director of Property) is responsible for ensuring a~~n~~ Strategic Asset Management Plan is prepared / updated / reviewed on an annual basis for consideration by Cabinet before submission to County Council.

3.6. Decisions

3.6.1. All decisions must be undertaken in accordance with the decision-making and reporting framework set out in the Constitution of the County Council and must comply with the County Council's Financial Regulations and Financial Procedures. Details of financial implications must be provided before any financial decision can be taken. Decisions which commit the County Council to spending over £100m must be referred to Full Council[2].

3.6.2. The Executive's Terms of Reference are set out in Article 7 of the Constitution and confirm that Cabinet is responsible for taking key decisions which incur significant expenditure or make significant savings, and decisions which have an impact on a significant proportion of Norfolk's residents. The Head of Paid Service in consultation with the Leader shall determine, in relation to any decision to be taken under delegated authority, if it is a decision which may incur significant expenditure, make significant savings, or may affect a significant proportion of Norfolk's residents, and in such a case the decision shall be made by the ~~Executive~~Cabinet.

3.7. Budget Monitoring and Control

3.7.1. The Executive Director of Finance and Commercial Services is responsible for monitoring income and expenditure against approved revenue and capital

[2] For the avoidance of doubt, although referred to Full Council, the ultimate decision will be in the hands of the executive unless the decision falls outside of the budget and policy framework

budget allocations and for reporting to Executive on the overall position monthly.

3.7.2. The Executive Director of Finance and Commercial Services is responsible for monitoring the prudential indicators and reporting to Executive on the overall position monthly.

3.7.3. The Executive Director of Finance and Commercial Services is responsible for monitoring the cash flow of the County Council and ensuring this is used to inform borrowing and investment decisions.

3.7.4. It is the responsibility of Executive Directors to control income and expenditure within their area in accordance with the approved budget and to monitor performance, taking account of financial information provided by the Executive Director of Finance and Commercial Services. Executive Directors are responsible for alerting the Executive Director of Finance and Commercial Services and the relevant Cabinet Member(s) or the Leader, to any overspendings or shortfalls in income and for identifying strategies and options for containing spend within the budget approved by the Council. If the overspending or shortfall in income cannot be accommodated within the service's budget this shall be reported to Cabinet.

3.7.5. Any policy proposal, which would have the effect of increasing a Service Department's budget, must be supported by a funding proposal setting out how it can be accommodated within the Service Department's existing budget. Such proposals must be made available to the Executive Director of Finance and Commercial Services at least five working days before the meeting at which they are to be proposed and must be finalised two working days before the meeting in order that the Executive Director of Finance and Commercial Services can report on the robustness of any proposed budget amendments. In the event that the proposal falls outside the scope of the Policy Framework as set out in Article 4 of the Constitution, it must be referred to Full Council for consideration.

3.7.6. Any variation or variations to a contract which in aggregate result in additional costs exceeding 5% of the original contract value or £50,000 (whichever is the greater) shall be subject to the prior approval of the Director of Procurement.

3.8. Virement

3.8.1. Virement is the process of transferring the budget expenditure or income, whether revenue or capital, from one approved budget head to another. The County Council is responsible for agreeing the overall procedures for the virement of budget and the approval of virements between Departments. Executive Directors are responsible for agreeing in-year virements within delegated limits, in consultation with the Executive Director of Finance and

Commercial Services where required. (The current approved procedures are shown in Annex A).

3.8.2. Schools are free to vire between budget heads in the expenditure of their budget shares, but Governors are advised to establish criteria for virements and financial limits above which the approval of the Governors is required.

3.9. Treatment of Year-End Balances

3.9.1. Any under and overspendings by Service Departments are required to be reported to Cabinet as part of year-end reporting. Cabinet is responsible for reporting the overall under and overspendings to County Council and making recommendations as to how they are utilised or managed.

3.9.2. The Executive Director of Finance and Commercial Services is responsible for putting in place controls to ensure that carry-forward of revenue budget, revenue reserves and revenue grants above agreed limits are documented and reported to all Executive Directors and totals agreed by Cabinet.

3.9.3. The Executive Director of Finance and Commercial Services is responsible for putting in place controls to ensure that carry-forward of capital budget, capital reserves and capital grants above agreed limits are documented and reported to all Executive Directors and totals agreed by Cabinet. Any slippage on the capital programme will be carried forward to the next financial year and reported to Cabinet.

3.10. Maintenance of Reserves

3.10.1 It is the responsibility of the Executive Director of Finance and Commercial Services to review the County Council's financial risks and planning assumptions and advise the Cabinet and the County Council on prudent levels of reserves and of general balances as part of setting the budget. This advice needs to take account of relevant accounting standards and professional best practice as part of the Council's budget planning process and regular budget monitoring.

3.10.2 The annual revenue budget sets out details of the purpose for which earmarked reserves are held and high-level forecasts for the use of such reserves. The timing of the use of reserves may however be uncertain and the annual budget setting process therefore provides the framework in which the use of reserves is agreed. In agreeing the annual revenue budget, the County Council is approving the use of reserves for the purposes for which they have been earmarked, and it is recognised that the timing of this use will be dependent on operational requirements and other factors.

3.10.3 Where it is proposed that reserves are to be used for a purpose other than that for which they have been earmarked, this will be subject to approval by Cabinet in-year, based on the advice of the Executive Director of Finance and Commercial Services, with reference to a recommendation from the relevant Executive Director as appropriate in respect of service reserves. There is a general presumption that Cabinet will normally approve recommendations for the use of earmarked reserves which are made by Executive Directors, except where there are wider implications for financial control across the County Council, or delivery of the Council's budget plans. If the Executive Director of Finance and Commercial Services advises that a decision about the use of reserves may have broader implications, Cabinet will recommend a course of action but refer the matter to be decided by the County Council.

~~3.10.3~~3.10.4 Cabinet is responsible for approving the creation of a balance sheet reserve (of any value), on the advice of the Executive Director of Finance and Commercial Services). The reserve will be reported to Full Council as part of the annual budget setting process and within reports from Cabinet to Full Council.

4 Governance, Risk Management and Internal Control

4.1 Governance

4.1.1 The Audit Committee is primarily responsible for Governance, Risk Management and Internal Control throughout the County Council. Its Terms of Reference are reviewed annually and published as part of Appendix 2 of the Constitution. Any changes are approved by the County Council. The composition is politically balanced and is reviewed at each appointment to the Committee.

4.1.2 Other Member-led bodies that also have a role in governance and internal control include the County Council, the Corporate Select Committee in any review of the Constitution for approval by full Council and with respect to Members, the Standards Committee.

4.2 Internal Control and Internal Audit

4.2.1 Internal control refers to the systems of management and other controls put in place to ensure that the County Council's objectives are achieved in a manner which promotes economic, efficient and effective use of resources and in a way, which ensures that the County Council's assets and interests are safeguarded.

4.2.2 The Executive Director of Finance and Commercial Services is responsible for advising on adequate and effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant best practice.

4.2.3 It is the responsibility of Executive Directors, having regard to advice from the Executive Director of Finance and Commercial Services, to establish sound arrangements for internal control including planning, appraising, authorising and controlling their operations to achieve continuous improvement, economy, efficiency and effectiveness and in order to achieve their targets.

4.2.4 The Accounts and Audit Regulations 2015 require the County Council to:

- undertake an adequate and effective internal audit;
- review the effectiveness of its internal audit, at least annually; and
- ensure the Audit Committee considers the findings of that review as part of its consideration of the system of internal control for the County Council.

4.2.5 The Leader of the Council and the Head of Paid Service are responsible for signing the Annual Governance Statement that should be produced following an annual review of systems of internal control. The Annual Governance Statement is published with the annual Statement of Accounts.

4.3 Risk Management

4.3.1 The County Council through the Cabinet is responsible for approving the County Council’s Risk Management Policy as part of the risk management ~~and~~ framework, its implementation and ensuring that proper insurance exists where appropriate.

4.3.2 The Audit Committee is responsible for reviewing the effectiveness of the County Council’s risk management arrangements. It will receive risk management reports at least four times a year and take appropriate action to ensure that corporate business risks are being actively and appropriately managed. Annually, it will report on risk management to the County Council.

4.3.3 The Executive Director of Finance and Commercial Services is responsible for informing the preparation of the County Council’s Risk Management Policy as part of the risk management ~~and F~~framework, for promoting it throughout the County Council and for advising the Cabinet on proper insurance cover where appropriate. The Executive Director of Finance and Commercial Services will also report on the Corporate Risk Register quarterly to the Cabinet, to each meeting of the Audit Committee, and ensure that Executive Directors report their ~~full~~ departmental risk register to the Cabinet at least once per annum.

4.4 External Audit

4.4.1 Public Sector Audit Appointments Limited (which replaced the Audit Commission with effect from 1 April 2015) is responsible for appointing external auditors to each local authority. The duties of the external auditor are governed by the Local Audit and Accountability Act 2014.

4.4.2 The County Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

4.4.3 External auditors have a responsibility to satisfy themselves that the County Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This judgement is based on criteria specified by the National Audit Office. The Executive Director of Finance and Commercial Services, in conjunction with Executive Directors, must ensure that the organisation makes best use of resources and that taxpayers and / or service users receive value for money.

4.5 Anti-Fraud, Bribery and Corruption

4.5.1 In managing its responsibilities, the County Council is determined to protect itself against fraud and corruption both from within the County Council and from outside. The County Council is committed to maintaining a strong anti-fraud and corruption culture through its Anti-Fraud and Corruption Policy. This is designed to:

- encourage prevention;
- promote detection;
- identify a clear pathway for investigation; and
- fulfil the requirements of Section 17 of the Crime and Disorder Act 1998

4.5.2 The County Council expects Members and staff at all levels to lead by example in ensuring adherence to legal requirements, rules, procedures and practices and internal controls including internal checks.

4.5.3 Executive Directors are responsible for ensuring that internal controls are such that fraud, bribery or corruption will be prevented, where possible, and the measures in the Anti-Fraud, Bribery and Corruption Policy are promoted.

4.5.4 Under the Anti-Fraud, Bribery and Corruption Policy, an Executive Director is required to immediately inform the Executive Director of Finance and Commercial Services of any financial irregularity or suspected financial irregularity.

4.5.5 The County Council expects that all who have dealings with it have a similar anti-fraud, bribery and corruption ethos and that they have no intent or actions with respect to fraud, bribery and corruption. (The County Council has issued guidance in “How to do business with Norfolk County Council” including whistleblowing, to support this).

4.6 Money Laundering and Proceeds of Crime

4.6.1 The County Council has adopted an anti-money laundering policy and procedures intended to prevent the use of proceeds from crime. This policy has been developed with regard to the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007.

4.6.2 The County Council has nominated the Director of Governance to perform the role of Money Laundering Reporting Officer (MLRO) whose principal role is to receive, consider and respond to any reports received of known or suspected money laundering.

4.6.3 Executive Directors are responsible for ensuring that:

- all staff most likely to be exposed to, or suspicious of, money laundering situations are made aware of the requirements and obligations placed on the County Council and themselves by legislation;
- those staff considered most likely to encounter money laundering are given appropriate training (nplaw can provide relevant in-house training);
- departmental procedures are established to help forestall and prevent money laundering, including making arrangements for reporting concerns about money laundering to the MLRO; and
- periodic and regular assessments are undertaken of the risks of money laundering that may exist in their Departments.

4.7 Treasury Management

4.7.1 The County Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Services and complies with the CIPFA Prudential Code when carrying out borrowing and investment activities under Part 1 of the Local Government Act 2003.

4.7.2 The County Council is responsible for the setting and revising of prudential indicators and for the approval of the Annual Investment and Treasury Strategy.

4.7.3 The County Council has delegated responsibility to the Executive Director of Finance and Commercial Services for the execution and administration of treasury management decisions, including decisions on borrowing, investment, financing (including leasing) and maintenance of the counter party list. The counter party list contains details of those banks, building societies and other bodies that meet the County Council's criteria for investment. The Executive Director of Finance and Commercial Services has delegated authority to effect movement between the separately agreed limits for borrowing and other long-term liabilities reflected in the Prudential Code's operational and authorised limits. The Executive Director of Finance and

Commercial Services is required to act in accordance with the County Council's Treasury Management Policy Statement and Treasury Management Practices and CIPFA's Standards of Professional Practice on Treasury Management in accordance with external advice.

4.7.4 The Executive Director of Finance and Commercial Services will prepare for County Council an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close. In addition, the Executive Director of Finance and Commercial Services will regularly report to the Treasury Management Panel and the Cabinet on treasury management policies, practices, activities and performance monitoring information.

4.7.5 The Executive Director of Finance and Commercial Services is responsible for:

- 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.

4.8 Norfolk Pension Fund

4.8.1 The Local Government Pension Scheme (LGPS) is a national pension scheme, administered locally with its own regulator (the ~~Ministry of Housing, Communities and Local Government~~ Department for Levelling Up, Housing and Communities (DLUHC)).~~, which is administered locally.~~

4.8.2 The County Council is the Administering Authority of the Norfolk Pension Fund and administers the LGPS on behalf of all the participating employers and scheme members. Norfolk County Council is also an employer within the scheme.

4.8.3 Norfolk County Council delegates all its responsibilities as Administrator of the scheme to the Pensions Committee who act as quasi-trustee of the Fund.

4.8.4 All Pension Fund assets are separate from the County Council, and all costs and income are accounted for separately. The Fund has a separate bank account.

4.8.5 The Pensions Committee is responsible for all aspects of the administration of the scheme. This includes responsibility for deciding upon the best way in which the Pension Fund is to be invested with appropriate regard to its fiduciary responsibilities.

4.8.6 Advice is received as required from professional advisers. The Pensions Committee formally reviews the performance of investments and the overall strategy on a regular basis. The Fund is invested in compliance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The 2016 Regulations introduced the requirement for LGPS funds to pool investment assets from the 1st April 2018.

4.8.7 In order to facilitate the pooling of assets, the Norfolk Pension Fund has entered into an Inter-Authority Agreement with 10 other Administering Authorities, collectively known as the ACCESS (A Collaboration of Central, Eastern & Southern Shires) Pool. The ACCESS Funds are Cambridge, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire, Suffolk and West Sussex.

4.8.8 The Pensions Committee is also responsible for the appointment and monitoring of Investment Managers, Custodian and other related service providers to the Fund.

4.8.9 The Executive Director of Finance and Commercial Services is responsible for the administration and financial accounting of the Norfolk Pension Fund. The Executive Director of Finance and Commercial Services is responsible for the preparation of the Pension Fund statutory accounts and annual report. The County Council delegates responsibility for the approval of the annual Pension Fund statutory accounts to the Audit Committee.

4.8.10 The Norfolk Pension Fund has adopted an Investment Strategy Statement ~~(formerly the Statement of Investment Principles)~~ in relation to the investment of the assets. This Statement includes details of compliance with recognised good investment practices. It is the Pensions Committee's responsibility to monitor the Fund's position in relation to the Investment Strategy Statement.

4.8.11 The Pension Fund maintains a Funding Strategy Statement, which sets out the Fund's approach to funding liabilities, based on principles agreed by the Pensions Committee. The Pension Fund is committed to providing clear, relevant, accessible and timely information to all stakeholders and to this end publishes and maintains a Customer Care and Communication Strategy Statement and a Governance Statement.

4.8.12 The Executive Director of Finance and Commercial Services ensures compliance with relevant regulatory and legislative guidelines and for keeping records of all scheme members, calculation and payment of benefits, transfers between schemes and the collection of contributions from participating employers.

4.8.13 In line with all public service pension schemes, LGPS Funds are required to have a local Pensions Board. The Board helps ensure that the Fund is managed and administered effectively and efficiently and complies with the Code of Practice on Governance and Administration of Public Service Pension Schemes issued by the Pensions Regulator. In Norfolk the local pension board is known as the Pensions Oversight Board and is made up of scheme member and scheme employer representatives with an independent chair.

5 Assets, Systems, Processes and Records

5.1 Introduction

5.1.1 Robust systems and procedures are essential to an effective framework of accountability and control.

5.2 Data Management

5.2.1 ~~The Corporate Board~~Cabinet is responsible for ensuring that policies and procedures are in place to enable management of data to support effective decision-making.

5.2.2 It is the responsibility of the Executive Directors to ensure data management policies are understood and used effectively within their services.

5.3 Financial Processes and General Data Protection Regulations

5.3.1 The Executive Director of Finance and Commercial Services is responsible for the determination and operation of the County Council's accounting processes, for the form of accounts and for the supporting financial records. The Executive Director of Finance and Commercial Services must approve any changes made by Executive Directors to the financial processes or the establishment of new processes, including IT systems.

5.3.2 Executive Directors must ensure that any processing (computerised or manual) that involves personal information is registered in accordance with the DPA (Data Protection Act) 2018 and UK GDPR (General Data Protection Regulation)~~General Data Protection Regulation 2018~~ and that all staff are aware of their responsibilities ~~under the Act~~ and any advice from the Information Commissioner.

5.3.3 Executive Directors must ensure that all staff are aware of their responsibilities under Freedom of Information legislation, and that procedures are in place to ensure compliance.

5.3.4 Executive Directors must ensure that all staff are aware of their responsibilities under the Code of recommended practice for local authorities on data transparency. These include:

- The requirement to maintain an inventory of data sets.
- The general requirement that, where data is published, it should be in a non-proprietary format and published in a timely fashion.
- The requirement to publish certain, specified data sets.

5.3.5 To ensure that open data which is published corporately is accurate and complete, Executive Directors must ensure that:

- All contracts over £50,000 are registered on the corporate contracts register maintained by the procurement team.
- All goods and services are ordered via one of the council's electronic ordering systems (for general purposes, Oracle iProcurement).
- All goods and services are ordered in advance and purchase order descriptions are accurate and complete.
- All changes of structure are notified to HR.

5.4 Schemes of Authorisation and Financial Responsibility

5.4.1 It is the responsibility of Executive Directors to ensure that the scheme of authorisation and financial responsibility is implemented using Budget Manager and is operating effectively. The scheme of authorisation and financial responsibility identifies staff authorised to act on the Executive Director's behalf, or on behalf of the County Council, in respect of payments, income collection and procurement (including ordering). Procurement authorisations shall be made in accordance with the requirements of Contract Standing Orders. For clarity, staff identified to act in this way will be required to formally accept their responsibilities under the scheme of authorisation and financial responsibility.

5.5 Income Collection

5.5.1 The Executive Director of Finance and Commercial Services is responsible for the provision and management of all income collection arrangements for the County Council.

5.5.2 Cabinet is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control. The Debt Recovery Policy and Framework forms part of the Financial Procedures and is required to be followed by all parties involved in the recovery of monies owed to the Council.

5.6 Payments to Employees, Third Parties and Members

5.6.1 Except for schools, the Executive Director of Finance and Commercial Services is responsible for all payments of salaries and wages to all staff, including payments for overtime, goods and services provided, and for the payment of allowances to elected Members. Schools have delegated responsibility under the Local Management of Schools (LMS) scheme.

5.7 Taxation

5.7.1 The Executive Director of Finance and Commercial Services is responsible for advising Executive Directors, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues, including VAT, that affect the County Council. Executive Directors are responsible for ensuring that such advice is complied with within their services.

5.7.2 The Executive Director of Finance and Commercial Services is responsible for maintaining the County Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

~~5.7.2~~5.7.3 The Executive Director of Finance and Commercial Services will ensure that VAT incurred in relation to "exempt" business income is not at risk of exceeding the partial exemption limit in any financial year and undertake the annual calculation after year-end.

5.8 Trading Accounts

5.8.1 Cabinet must approve the establishment of all Trading Accounts. Trading Accounts are required for all services that provide goods or services to a third party on a traded basis or where the organisation has identified that a service should operate as a separate trading unit.

5.8.2 The Executive Director of Finance and Commercial Services is responsible for the form of the trading accounts included in the Trading Framework document. Executive Directors are responsible for reporting on the activities of any trading organisation within their respective areas of service, taking account of current accounting standards and best practice in reporting.

5.9 Monitoring Reporting

5.9.1 Executive Directors are responsible for ensuring that monthly budget monitoring reports for both revenue and capital expenditure and income are produced for their respective areas of service. The Executive Director of Finance and Commercial Services is responsible for regularly reporting the details (including compliance with the Prudential Code) to Cabinet.

5.9.2 Any variation, or variations, to a contract which in aggregate result in additional costs exceeding 5% of the original contract value or £50,000 (whichever is the greater) shall be subject to the prior approval of the Director of Procurement.

5.10 Companies, Trusts and Charities

5.10.1 Cabinet is responsible for:

- approving the establishment and viability (including the business case) of all new companies, trusts and charities;
- approving investments in other companies, trusts and charities, in which the County Council has a financial interest except where the investment is within criteria Cabinet has previously delegated to an Executive Director;
- taking decisions as shareholder and sole trustee where appropriate;
- monitoring and receiving reports on the County Council's companies;
- dissolution of County Council's companies, trusts and charities.

5.10.2 Executive Directors are responsible for informing the Director of Governance and Executive Director of Finance and Commercial Services of any new proposals, to ensure that legal and financial considerations are properly considered before any arrangements with an outside body or creation of a new company, trust or charity are considered.

5.10.3 Executive Directors are also responsible for ensuring tight controls are in place for the financial management of loan and guarantor arrangements with Norfolk County Council owned companies. This includes ensuring the Executive Director of Finance and Commercial Services is presented with robust business cases and signed loan agreements.

5.10.4 The Executive Director of Finance and Commercial Services is responsible for reviewing the ongoing viability of such entities and regularly reporting the performance of their activities, with a view to ensuring that the County Council's interests are being protected.

5.10.5 All relevant companies must have their accounts incorporated and consolidated within the County Council's financial accounts in accordance with proper accounting standards and best financial practice. The Executive Director of Finance and Commercial Services is responsible for ensuring the proper financial accounting treatment and compliance with current legislation.

5.10.6 The appointment and removal of directors to companies, trusts and charities in which the County Council has an interest must be made by Cabinet, having regard to the advice of the Executive Director of Finance and Commercial Services. The directors will then have a statutory duty to the company, trust or charity and must therefore act in accordance with the Companies and / or Charities Act where applicable.

5.10.7 The Executive Director of Finance and Commercial Services and Director of Governance should be contacted for assistance at an early stage to discuss the proposals.

5.11 Early payments and loans to suppliers and service providers

5.11.1 Early Payments

In the normal course of business, the County Council may on occasion make early payments (ahead of contractual payment terms). These are agreed on a case by case basis, entirely at the discretion of the County Council, and (where appropriate) taking into account the overall value of the contract and the implications of any failure of service provision. Any decision to vary a contract by amending the payment terms shall be taken in accordance with Regulation 72 of the Public Contracts Regulations 2015. The Council has a protocol in place which governs the amendment of payment terms for existing contracts. This protocol covers both permanent, ongoing arrangements and one-off requests for early payment. The Council's Contract Standing Orders set out the general principle that advance payment terms should not be offered during procurement activities other than in exceptional circumstances. In all cases, care must be taken to ensure the Council is not committed to making infeasibly fast payments. There are broadly three scenarios which may arise:

5.11.2 Payment ahead of terms

Where suppliers or service providers experiencing cash flow difficulties or other financial hardship seek payment ahead of terms but not in advance of the supply of goods or services, the contract manager, in conjunction with the relevant Finance Business Partner, may agree to payment ahead of terms provided that an appropriate discount is secured. For the avoidance of doubt, at the discretion of the Council, a discount may be set at zero (i.e., payment made ahead of terms with no discount required).

Where suppliers or service providers which are not in financial difficulties seek payment ahead of terms but not in advance of the supply of goods or services, the Director of Procurement, in conjunction with the relevant Finance Business Partner, may agree to payment ahead of terms provided that an appropriate discount is secured. For the avoidance of doubt, at the discretion of the Council, a discount may be set at zero (i.e. payment made ahead of terms with no discount required).

5.11.3 Payment in advance of goods or services being supplied

Due to the credit risk involved, only the Executive Director of Finance and Commercial Services, Director of Financial Management or Assistant Director of Finance (FES) may agree to vary a contract to allow for payment in advance of goods or services being delivered, subject to an appropriate discount being secured, and taking into account subsidy~~tate aid~~ considerations. For the avoidance of doubt, at the discretion of the Council, a discount may be set at zero (i.e. payment made ahead of terms with no discount required), but only with the approval of the Executive Director of Finance and Commercial Services.

5.11.4 **Loans** may be made in exceptional circumstances outside of contractual agreements or where no contract or payment relationship exists. This has the potential to arise (for example) in the context of a third-party organisation experiencing financial difficulty, where the failure of the third party would significantly impact upon services the Council provides or is responsible for. Loans will be considered on a case by case basis, entirely at the discretion of the County Council, and taking into account the overall level of the loan and the implications of any failure of service provision. Loans in this context would be intended generally for short term cash flow purposes and to ensure the continuity of a service, or to avoid additional costs arising from any provider failure, although it is recognised that other circumstances necessitating a loan may also arise and this list is not comprehensive.

5.11.5 The Executive Director of Finance and Commercial Services has discretion to consider making a short-term loan in the above circumstances, whilst also considering:

- the ability of the loan recipient to repay and the provision of a robust plan to demonstrate how the situation which gave rise to the need for a loan will be resolved (it is also likely that a Financial Assessment of the recipient will be required);
- any potential subsidy~~tate aid~~ issues, particularly in respect of determining an appropriate interest rate for the loan, which should be set with reference to the published margin tables; and
- the duration and value of the loan sought.

5.11.6 Loans will be requested through the relevant Finance Business Partner for the service area, in consultation with the Executive Director for the service. Loans will not be made until they have been approved by the Executive Director of Finance and Commercial Services, or the Director of Financial Management, following consultation with the Leader and / or Deputy Leader in the case of a loan over £50,000 and / or for a loan period in excess of six months.

5.11.7 Loans may be repaid either by instalment or as a lump-sum. The terms of the loan, including arrangements for repayment, must be agreed and a loan agreement signed by both parties before any loan can be made. The service area initiating the loan will be required to identify a cost centre which will bear the cost of the loan in the event of a failure by the loan recipient to make repayments as agreed. The Executive Director for the service should consider the need to make the relevant Cabinet Member(s), Leader and / or Deputy Leader aware of this potential cost to the service budget.

~~5.11.7~~5.11.8 Any loan arrangements not specifically covered above, including mid to longer term loans made for other purposes, will be subject to approval by the Executive Director of Finance and Commercial Services, or the Director of Financial Management, following consultation with the Leader and / or Deputy Leader. Any loans made in this way will be reported to Cabinet.

5.12 Contract Standing Orders

5.12.1 Executive Directors are responsible for ensuring that the procurement of all goods, works and services is undertaken in accordance with the Council's Contract Standing Orders.

5.12.2 Contract Standing Orders form part of the County Council's Constitution and are the rules that govern how procurement will be undertaken by the Council, and what processes must be followed.

5.12.3 Any award with a value exceeding £30,000 entered into on behalf of the Council must be evidenced by way of a contract. Such contracts must either be signed by at least two authorised officers of the Council or made under the common seal of the Council attested by at least one authorised officer.

5.13 Assets

5.13.1 Executive Directors should ensure that records of assets are properly maintained and securely held (in practice property asset records are kept by the Corporate Property Team on behalf of Executive Directors). Executive Directors should also ensure that contingency plans are in place for the security of assets and continuity of service in the event of disaster or system failure.

5.13.2 In making disposals officers will have due regard to the provisions of the Local Government Act 1972 (section 123) concerning best consideration, subject to the discretion afforded to authorities by the General Disposal Consent (England) 2003 (see DCLG Circular 06/2003). All decisions to dispose at less than best consideration will be referred to Cabinet for determination.

5.13.3 Disposal must be made by competitive process unless the Executive Director of Finance and Commercial Services authorises otherwise. The appointment of agents to handle disposals is subject to the normal provisions of Council Standing Orders.

5.13.4 All property disposals (including lease surrenders/assignments), acquisitions and other property transactions (such as granting / taking licences, granting of easements and wayleaves to statutory undertakers etc., granting tenancies at will) are to be made only by the Council's Corporate Property Officer (Director of Property). In reaching decisions on the disposal of land and property, the County Council should give due consideration to the advice of the Corporate Property Officer (Director of Property). The Council's named and designated Corporate Property Officer (Director of Property) may, in accordance with arrangements approved by the Executive Director of Finance and Commercial Services, dispose of property assets, acquire property assets and approve of property transactions as set out in the tables at 5.13.6 and 5.13.7 below. Proposals for disposals, acquisitions and other property transactions must involve the Local Member as set out within the Local Member Protocol in the Constitution (Annex to Appendix 5 of the Constitution).

5.13.5 Land and buildings declared surplus by a service will be reviewed by the Corporate Property Strategy Group and where there is no alternative beneficial use such property will be reported to Cabinet to confirm its status as a surplus asset to be disposed of and/or exploited for income purposes.

5.13.6 Disposals

The disposal of surplus assets will be undertaken as follows:

Property Disposal

Disposal value* £m	Responsibility and authorisation
Over £1.250m (unless covered by a specific item in the budget)	Cabinet
Over £0.250m and up to and including £1.250m	Cabinet Member for Commercial Services and Asset Management
Over £0.050m and up to and including £0.250m	Corporate Property Officer (Director of Property) in consultation with the Executive Director of Finance and Commercial Services
Up to and including £0.050m	Corporate Property Officer (Director of Property)
All disposals at less than best consideration (irrespective of value)	Cabinet

~~Disposal value* £m~~	~~Responsibility and authorisation~~
~~Over £1.250m (unless covered by a specific item in the budget)~~	~~Cabinet~~
~~Over £0.500m~~	~~Cabinet~~
~~Over £0.250m and up to and including £1.250m~~	~~Cabinet Member for Commercial Services and Asset Management~~

~~**£0.250m and up to and including £0.500m**~~	~~Executive Director in consultation with Executive Director of Finance and Commercial Services~~
~~**Over £0.050m and up to and including £0.250m**~~	~~Corporate Property Officer (Director of Property) in consultation with the Executive Director of Finance and Commercial Services~~
~~**Up to but not including £0.250m**~~	~~Executive Director~~
~~**Up to and including £0.050m**~~	~~Corporate Property Officer (Director of Property)~~

Other Asset Disposal

Disposal value* £m	Responsibility and authorisation
~~Over £1.250m (unless covered by a specific item in the budget)~~	~~Cabinet~~
Over £0.500m	Cabinet
~~Over £0.250m and up to and including £1.250m~~	~~Cabinet Member for Commercial Services and Asset Management~~
£0.250m and up to and including £0.500m	Executive Director in consultation with Executive Director of Finance and Commercial Services
~~Over £0.050m and up to and including £0.250m~~	~~Corporate Property Officer (Director of Property) in consultation with the Executive Director of Finance and Commercial Services~~
Up to but not including £0.250m	Executive Director
All disposals at less than best consideration (irrespective of value)~~Up to and including £0.050m~~	~~Corporate Property Officer (Director of Property)~~Cabinet

Leases:

Disposal value* £m	Responsibility and authorisation
All leases out or lease out renewals where the total value (annual rent multiplied by lease term) is more than £1.250m, or the term is over 20 years	Cabinet
All leases out or lease out renewals where the total value (annual rent multiplied by lease term) is over £0.250m and up to and including	Cabinet Member for Commercial Services and Asset Management

Disposal value* £m	Responsibility and authorisation
£1.250m, and the term is for 20 years or less	
All leases out or lease out renewals where the total value (annual rent multiplied by lease term) is up to and including £0.250m and the term is for 20 years or less	Corporate Property Officer (Director of Property)

Farm Business Tenancies

Property Disposal:

Disposal value* £m	Responsibility and authorisation
Farm business tenancies or renewals where the total value (annual rent multiplied by tenancy term) is more than £1.250m, or the term is over 20 years	Cabinet
Farm business tenancies or renewals where the total value (annual rent multiplied by tenancy term) is over £0.250m and up to and including £1.250m, and the term is for 20 years or less	Cabinet Member for Commercial Services and Asset Management
Farm business tenancies or renewals where the total value (annual rent multiplied by tenancy term) is up to and including £0.250m, and the term is for 20 years or less	Corporate Property Officer (Director of Property)

Other Property Transactions:

Disposal value* £m	Responsibility and authorisation
Granting of all: i. Licences ii. Leases, easements and wayleaves to statutory undertakers iii. Granting of easements and wayleaves iv. Tenancies at will v. Lettings in accordance with -the Mobile Home Act 1983	Corporate Property Officer (Director of Property)

*Disposal value in these tables refers to the valuation of the asset, irrespective of the consideration to be received.

5.13.7 -Acquisitions

Acquisitions of assets will be undertaken as follows:

Property Acquisitions

~~Property~~

~~Other Assets~~

Acquisition value £m	Responsibility and authorisation
Over £1.250m	Cabinet
~~Over £0.250m~~	~~Cabinet~~
Over £0.250m and up to and including £1.250m	Cabinet Member for Commercial Services and Asset Management
~~Up to and including £0.250m~~	~~Executive Director~~
Over £0.050m and up to and including £0.250m	Corporate Property Officer (Director of Property) in consultation with the Executive Director of Finance and Commercial Services
Up to and including £0.050m	Corporate Property Officer (Director of Property)

Other Asset Acquisitionss

Acquisition value £m	Responsibility and authorisation
Over £0.250m	Cabinet
Up to and including £0.250m	Executive Director

Leases

Property Acquisitions

Acquisition value £m	Responsibility and authorisation
Lease acquisitions and renewals where the proposed total rental value (annual rent multiplied by lease term) is above £1.250m, or the term is over 20 years	Cabinet
Lease acquisitions and renewals where the proposed total rental value (annual rent multiplied by lease term) is over £0.250m and up to and including £1.250m, and the term is for 20 years or less	Cabinet Member for Commercial Services and Asset Management
Lease acquisitions and renewals where the proposed total rental value (annual rent multiplied by	Corporate Property Officer (Director of Property)

Acquisition value £m	Responsibility and authorisation
lease term) is up to and including £0.250m, and the term is for 20 years or less	

Other Property Transactions

Acquisition value £m	Responsibility and authorisation
Acquisition of all I. Licences ii. Leases, easements and wayleaves from statutory undertakers iii. Easements and wayleaves from other third parties. iv Tenancies at Will	Corporate Property Officer (Director of Property)

~~5.13.6~~5.13.8 The following activities are business as usual and will be approved by the Director of Property:

Where NCC acts as landlord or where NCC acts as tenant:

- Determination (ending of), surrender, assignment or forfeiture of leases, licences and other property rights.
- Agreeing dilapidations.
- Landlord consents (granting and requesting).
- Rent reviews.
- Agreeing sub leases.
- Minor alterations to lease in/lease out agreements to ensure the agreement is completed.

For freehold property disposed of or acquired:

- Agreeing overage and claw back provisions.
- Minor alterations to disposal or acquisition agreements to ensure the agreement is completed.

~~5.13.7~~5.13.9 The government has consulted on regulations (the proposed Local Authorities (Functions and Responsibilities) (England) Regulations 2015) which would require any decision to dispose of land and buildings with a value above £500,000 to be agreed by the Full Council. The regulations above show the responsibility is with Cabinet / the Cabinet Member for Commercial Services and Asset Management pending the outcome of the consultation. As at October 2020 these have not yet been enacted. If enacted, the following thresholds would apply:

Disposal value	Responsibility and authorisation for

	land and buildings
Up to and including £0.050m	Corporate Property Officer (Director of Property)
Over £0.050m and up to and including 0.250m	Corporate Property Officer (Director of Property) in consultation with the Executive Director of Finance and Commercial Services
Over £0.250m and up to and including £0.500m	Cabinet Member for Commercial Services and Asset Management
Over £0.500m and all disposals at less than best consideration (irrespective of value)	Full Council

~~5.13.8~~5.13.10 The County Council has an aspiration to at least maintain the size of its current County Farms estate, under the County Farms policy agreed by the County Council in October 2014. To that end any capital receipts from the sale of County Farm land will be treated in the following way:

For all County Farms land that is sold:

- If it is sold as **agricultural land**, 100% of the capital receipt will be hypothecated towards further acquisitions of County Farm land / capital improvements to the County Farm estate that produce a revenue uplift.

- If it is sold as **residential/development** land:
  - A valuation will be undertaken to establish the value of the land, should it have been sold without planning permission. That value will then be hypothecated towards further County Farm acquisitions / capital improvements to the County Farm estate that produce a revenue uplift.

  - The balance of the sale value will be split:
    - 65% towards general capital receipts to be utilised by the Council for any purpose.
    - 35% will be put into a reserve for the use of County Farms for further acquisitions / capital improvements to the County Farm estate that produce a revenue uplift.
    - If this reserve reaches £3m in value, then any additional receipts will be made available for general Council use for any purpose

5.14 Making Grants

5.14.1 Executive Directors are authorised by the Scheme of Delegated Powers to Officers to make grants (subject to any specific grant thresholds set out in the limitations on officers delegated powers within the Constitution). Executive Directors are responsible for ensuring that:

- adequate records are kept for the required period;
- controls are in place to ensure any grant conditions will be met, with provision to recover / claw back unused grant as appropriate;
- grant payments made by their department do not constitute a breach of subsidy rules; and
- any requirements to notify Members under the Local Member Protocol are complied with.

5.14.2 When making grant decisions or awards, Norfolk County Council must reserve the right to refuse (or recover) funding awarded by the authority if it is found that the recipient, or anyone connected to the use of the funding provided, is an active participant in support of extremist views / activity that is contra to the Authority's duty of due regard in relation to the Prevent Duty 2011.

5.15 Retention of Financial Records

5.15.1 The County Council has a specific policy in place on the minimum retention periods for financial records and these periods are set out in the corporate records retention and disposal scheme. Executive Directors should ensure records are maintained and held securely for the correct period, after which they should be disposed of in accordance with the procedures.

6 External Arrangements

6.1 Introduction

6.1.1 Where the County Council operates in a devolved environment or through a partnership or other arrangements, the Executive Director of Finance and Commercial Services must ensure that the roles and responsibilities for each of the activities and tasks in maintaining financial administration and stewardship are clearly defined, allocated and operated effectively.

6.2 Partnerships

6.2.1 The County Council has formal representation on many external boards.

6.2.2 Separate governance arrangements will exist for external boards / partnerships / joint ventures and decisions taken by Council Members at these boards that affect Norfolk County Council will still be subject to the Norfolk County Council Constitution.

6.2.3 The Executive Director of Finance and Commercial Services must ensure that the accounting and reporting arrangements to be adopted relating to partnerships and joint ventures, as defined within Financial Procedures, are satisfactory. The Executive Director of Finance and Commercial Services and

Director of Governance must consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. They must also ensure that the risks have been fully appraised before agreements are entered into with external bodies.

6.2.4 Executive Directors are responsible, in consultation with the Executive Director of Finance and Commercial Services and Director of Governance, for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies. They should also ensure that the risks identified above are mitigated where possible.

6.3 External Funding

6.3.1 The Executive Director of Finance and Commercial Services is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the County Council's accounts. Executive Directors are responsible for ensuring that the Executive Director of Finance and Commercial Services is notified of external funding bids at an early stage. If there are conditions associated with funding, Executive Directors are responsible for ensuring that adequate records are kept for the required period and controls are in place to ensure that any grant conditions will be met, with provision in place to repay any amounts deemed non-compliant with the conditions.

6.3.2 The receipt of grants and acceptance of other external funding, outside of the annual budget setting process, should be undertaken in line with the approvals set out in the scheme of virement in Annex A. This reflects the fact that this type of income may have clawback provisions that could have a budgetary impact, and there should be transparency about the source of funding for any increase in spending within a service.

6.4 Financial Guarantees

6.4.1 Executive Directors must inform the Executive Director of Finance and Commercial Services of all proposals that may require a financial guarantee prior to implementation.

6.4.2 The Executive Director of Finance and Commercial Services is responsible for ensuring that any proposed financial guarantee requirement is within the powers of the County Council and shall consult with the Director of Governance as appropriate. As a matter of principle, the County Council seeks to avoid providing financial guarantees. Any guarantees that are provided will be reported to Cabinet in financial monitoring reports.

6.4.3 Requirements for suppliers to provide the County Council with either bonds or guarantees shall be agreed with the Corporate Property Officer (Director of Property) (for property contracts) or the Director of Procurement (for other contracts)

6.5 Work for Third Parties

6.5.1 Cabinet is responsible for approving the contractual arrangements for any work for third parties or external bodies, not already covered by the Scheme of Authorisation to Executive Directors.

6.6 ~~State Aid~~Subsidy and Competition

~~6.6.1~~ Executive Directors are responsible for ensuring that any payments (or payments in kind) made by their department do not constitute a subsidy~~State Aid~~ or breach rules on competition. Subsidy (which includes the provisions which pre-date the UK-EU Trade and Co-operation Agreement where a project began when the UK was a member of the EU or during the subsequent transition period) are measures which mean that a level playing field for open and fair competition and sustainable development cannot be ensured. Typical examples can include:~~State Aid (which is governed by EU regulations) is the illegal subsidy of commercial activity from public funds, and could arise, for example, from the following:~~

~~6.6.2~~6.6.1

- Cheap loans
- Grant funding
- Sharing staff, equipment or accommodation (particularly with wholly owned companies)
- Waiver of deductions due on contracts.

~~6.6.3~~6.6.2 If an Executive Director is unsure as to whether a payment or payment in kind would constitute a subsidy~~State Aid~~ or anti-competitive practice, the advice of the Executive Director of Finance and Commercial Services should be sought in consultation with the Director of Governance where appropriate.

6.7 Projects / Business Cases (including Private Finance 2 (PF2)[3])

6.7.1 Executive Directors considering projects or business cases should consult with the Executive Director of Finance and Commercial Services during the

[3] Private Finance 2 (PF2) is the current model of Private Finance Initiative (PFI) for new Government projects. At the Autumn Budget 2018, the Government announced that it would no longer use PF2, although existing PFI and PF2 contracts were not affected by the announcement. In the event that PF2 or a successor scheme were to become an option in future, Executive Directors considering such projects should consult with the Executive Director of Finance and Commercial Services during the preparation of the business case for submission.~~ to the County Council or Cabinet (Cabinet if less than £100m).~~

preparation of the business case for submission~~. to the County Council or Cabinet (Cabinet if less than £100m).~~

6.7.2 County Council / Cabinet are responsible for approving material projects / business cases at all key stages. The Executive Director is responsible for ensuring that such approvals are sought and obtained from County Council / Cabinet in a timely manner.

6.7.3 The Executive Director of Finance and Commercial Services is responsible for:

- ensuring that the project / business case has the necessary support from appropriately skilled financial and procurement specialists at all stages of its procurement, as well as during the operational stage
- ensuring that the necessary banking arrangements are available in time for the project to commence
- endorsing the outline business case, including underlying financial assumptions, value for money, and ability to deliver
- ensuring that the financial implications of all projects are incorporated in financial planning.

Executive Directors are responsible for:

- preparing a business case for submission ~~to County Council / Cabinet~~ prior to commencing the procurement process
- ensuring that the project has the necessary support from appropriately skilled legal and procurement specialists at all stages of its procurement, as well as during the operational stage
- compliance with Contract Standing Orders
- ensuring that, at all stages, cost estimates for both the capital and revenue expenditure are carefully made and reviewed to ensure that they are robust before seeking formal approval from County Council / Cabinet
- ensuring that procedures are in place to limit, as far as reasonably possible, the likelihood of the County Council failing to pay the contractor on time, or otherwise defaulting or making an overpayment
- informing the Executive Director of Finance and Commercial Services of any matter that may lead to termination under the contract. Cabinet is required to approve termination of a contract by use of the Authority Default provisions
- fully considering the risks associated with undertaking a project and reporting them to Cabinet when they are considering the approval of a project
- ensuring that any dedicated bank accounts necessary to enable their projects to function efficiently are set up and properly operated. Any bank accounts opened in the name of the County Council require the approval of the Executive Director of Finance and Commercial Services.

6.7.4 In relation to existing PFI and PF2 contracts, Executive Directors are responsible for ensuring that deductions required to the unitary payment for the unavailability of the contracted service or a performance shortfall are made in full in a timely manner. If another service or asset is proposed in exchange for foregoing such deductions, the Executive Director of Finance and Commercial Services is responsible for ensuring that the alternative proposal has a value equal to the foregone deductions.

6.7.5 Where the County Council has the right to make a deduction under the contract, any waiver of the deduction shall be treated as a write-off of debt and shall be covered by the Council’s Debt Recovery procedure. When considering the thresholds for approval of the write off, all deductions due in a financial year should be aggregated together.

6.7.6 Private Finance transactions contain complex financial arrangements including (usually) a Funder's Direct Agreement that can obligate the County Council to take over the responsibility for the Contractor's debt in the event of Authority or Contractor default. It is the responsibility of the Executive Director to ensure that the Executive Director of Finance and Commercial Services has all the relevant information regarding these arrangements and of any material financial matters. It is the responsibility of the Executive Director of Finance and Commercial Services to account for the arrangements in accordance with the relevant regulations and proper accounting practice.

6.8 Social Impact Bonds (SIBs)

6.8.1 Social Impact Bonds (SIBs) are a means of commissioning services where payment or funding for the service is conditional on the achievement of specified outcomes. Executive Directors considering such projects should consult with the Executive Director of Finance and Commercial Services during the preparation of the business case for submission to Cabinet.

6.8.2 Cabinet is responsible for approving SIB projects. The Executive Director is responsible for ensuring that such approvals are sought and obtained from Cabinet in a timely manner.

6.8.3 The Executive Director of Finance and Commercial Services is responsible for:

- ensuring that the project has the necessary support from appropriately skilled financial and procurement specialists at all stages of its procurement, as well as during the operational stage
- endorsing the outline business case, including underlying financial assumptions, value for money, and ability to deliver

- ensuring that the financial implications of all SIBs are incorporated in financial planning.

6.8.4 Executive Directors are responsible for:

- preparing a business case for submission to Cabinet at an appropriate point
- ensuring that the project has the necessary support from appropriately skilled legal and procurement specialists at all stages of its procurement, as well as during the operational stage
- compliance with Contract Standing Orders
- ensuring that, at all stages, cost estimates are carefully made and reviewed to ensure that they are robust, that a sufficient budget is available to fund the anticipated level of outcome payments, and there are measures in place to limit the County Council's exposure to uncapped outcome payments
- ensuring that procedures are in place to limit, as far as reasonably possible, the likelihood of the County Council failing to pay the investor on time, or otherwise defaulting or making an overpayment

6.8.5 It is the responsibility of the Executive Director to ensure that the Executive Director of Finance and Commercial Services has all the relevant information regarding the arrangements for the SIB and of any material financial matters. It is the responsibility of the Executive Director of Finance and Commercial Services to account for the arrangements in accordance with the relevant regulations and proper accounting practice.

Annex A

Norfolk County Council's Scheme of Virement

Background

1. The scheme of virement is intended to enable Cabinet, Executive Directors and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the County Council, and therefore to optimise the use of resources.

2. The scheme is administered by the Executive Director of Finance and Commercial Services within guidelines set by the County Council. Any variation from this scheme requires the approval of the County Council.

3. The overall budget is approved by the County Council. Executive Directors and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement; that is, switching resources between approved estimates or heads of expenditure – both revenue and capital. For the purposes of this scheme, a budget head is considered to be the subdivision of Departmental / service budgets as reported in the County Council Budget Book for the relevant year. Virement does not include the switching of resources between revenue and capital.

4. Virement does not create additional overall budget liability. Executive Directors are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Executive Directors must plan to fund such commitments from within their own budgets.

5. The capital and revenue budgets may contain block allocations of funding for specific purposes. The movement of resources from a block allocation to a specific identified scheme does not constitute a virement provided that the expenditure being incurred is in accordance with the original policy decision agreed by the County Council. If an Executive Director wishes to transfer funding from a block allocation and use it for a different purpose, for example, the transfer of purchase of care from one client group to a different client group, the rules below will apply.

~~5.~~6. The scheme also covers receipt of grants and acceptance of other external funding, outside of the annual budget setting process.

Revenue

~~6.~~7. County Council is responsible for agreeing virement **between** services (as shown in the budget report to County Council in February each year), and where the virement has a value in excess of £200,000.

~~7.~~8. Cabinet is responsible for agreeing virement **between** services where the virement has a value of up to £200,000, subject to the prior agreement of the virement by the service department(s) concerned.

~~8.~~9. County Council is also responsible for agreeing virements between budget heads defined in 3 above – **within** services, where the virement has a value in excess of 1% of the net budget of the service (as shown in the budget report to County Council in February) or £100,000 – whichever is the higher. For Children's Services, net budget is calculated exclusive of amounts delegated to schools.

~~9.~~10. All other virements are the responsibility of Executive Directors, subject to consultation with the relevant Cabinet Portfolio Holder, Leader or Deputy Leader and the agreement of the Executive Director of Finance and Commercial Services.

~~10.~~11. Executive Directors may delegate authority to make virements to other officers, consistent with the above and in accordance with formally agreed departmental arrangements.

Capital

~~11.~~12. County Council is responsible for agreeing virements between services and schemes (as shown in the Capital Budget document produced by the Executive Director of Finance and Commercial Services).

~~12.~~13. County Council is also responsible for agreeing virements greater than £250,000 within services or schemes (as defined above).

~~13.~~14. All other virements are the responsibility of Executive Directors, subject to consultation with the relevant Cabinet Portfolio Holder, Leader or Deputy Leader and the agreement of the Executive Director of Finance and Commercial Services and subject to the service's overall financial provision for capital spending not being exceeded in the current and future years.

Annex B
Norfolk County Council process for the issue of a report under Section 114 of the Local Government Finance Act 1988

Background

1. Section 114 of the Local Government Finance Act 1988 requires a report to all the authority's Members to be made by the Section 151 Officer (Executive Director of Finance and Commercial Services) in consultation with the Monitoring Officer (Director of Governance) if there is, or is likely to be, unlawful expenditure or an unbalanced budget. Similar provisions apply under s114A if the decision is an Executive decision. The Executive Director of Finance and Commercial Services takes a view of the robustness of the Council's budget across the whole period covered by the Medium-Term Financial Strategy. Making a report under section 114 is likely to have serious implications and this Annex therefore sets out the process and controls which will be adopted prior to such a report being made. It should be noted that the objective of these Financial Regulations and, more broadly, the Council's effective financial management and reporting procedures, is to minimize the prospect of the Executive Director of Finance and Commercial Services being required to make such a report, and such an eventuality is to be avoided if possible.

2. The Executive Director of Finance and Commercial Services has a duty to report to the authority if they believe:

    - that a decision involves, or would involve, unlawful expenditure (114 (2) (a));
    - a course of action is unlawful and is likely to cause a loss or deficiency (114 (2) (b));
    - an entry of account is unlawful (114 (2) (c)).

3. In such circumstances, the Executive Director of Finance and Commercial Services is required to make a report to the authority and send a copy to every Member and the external auditor. The Full Council (or in the case of a report under s114A, the Executive) must consider the report within 21 days and the action to which the report relates must not be pursued until this has taken place. Full Council (or the Executive in the case of a s114A report) must decide whether it agrees or disagrees with the report and determine the action it proposes to take.

4. The Executive Director of Finance and Commercial Services is also required to inform the authority in the event they believe that expenditure is likely to exceed available resources (114 (3)). The authority then may not enter into agreements incurring expenditure until the report has been considered by the full council.

5. Information leading to the preparation of a section 114 report might arise from a council officer (including a member of the Finance and Commercial Services

department), a Member of the council, the public, or from the authority's auditors. Members and officers should note that it is the Executive Director of Finance and Commercial Services' duty to investigate possible issues which might lead to a formal report. The statutory duty to make a report rests with the Executive Director of Finance and Commercial Services.

6. A report made under section 114 (2) requires the Executive Director of Finance and Commercial Services to make a judgement that a decision or course of action is unlawful. Such a decision will only be made after consultation with the Director of Governance (Monitoring Officer). A report made under section 114 (3) relates to a financial judgement which may be reached by the Executive Director of Finance and Commercial Services alone, although consultation with the Head of Paid Service and Director of Governance (Monitoring Officer) is still required in case other corporate and legal issues arise as a result of the report.

7. These Financial Regulations adopt the recommendations of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government, where further information about the issuing of a section 114 report can be found.

Section 114 Process

8. The process for the issuing of a report under section 114 (2) in relation to an unlawful decision or course of action (either retrospective or potential) is as follows:

1) **Executive Director of Finance and Commercial Services consults with Director of Governance** (Monitoring Officer) to determine whether an action or proposed action was or will be unlawful
2) **Consult with Head of Paid Service**
3) In the event of disagreement or doubt, Director of Governance to seek opinion of counsel
4) Following confirmation that an action would be unlawful; a prospective **action may be halted** at this stage through management action. In such an event, no further action or report would be required
5) In the case of an **event which has already occurred, or where it is not possible to stop** the course of action, the Executive Director of Finance and Commercial Services will **draft a report** under Part VIII of the Local Government Finance Act 1988
6) Report agreed with Head of Paid Service and Director of Governance (consultation with counsel if required)
7) Executive Director of Finance and Commercial Services **signs report** - sent to every member of the council and the external auditor as soon as practical. The report should normally be sent with the summons to the Full Council meeting (or Cabinet, if appropriate) which will consider it. Proof of sending should be retained
8) From the date of issue, a **prohibition period** begins (the action may not be progressed). Within 21 days the Full Council (or Cabinet, if appropriate) must meet to consider the report. The Head of Paid Service notifies the External Auditor of the date, time and place of the meeting
9) Full Council (or Cabinet, if appropriate) may **agree the report** and decide remedial action **or disagree the report** and take no action. The prohibition period ends the following day and the **Head of Paid Service notifies the External Auditor of the outcome**

9. The process for the issuing of a report under section 114 (3) in relation to an unbalanced budget position is as follows:

1. **Executive Director of Finance and Commercial Services** identifies that **Capital or Revenue expenditure exceeds likely resources** (either for current or future year)
2. **Consult with Head of Paid Service** and **seek corrective action** for the relevant year. Executive Director of Finance and Commercial Services considers need for **informal consultation with Internal and External Auditor**
3. In the event that **corrective action is successful**, no further action or report would be required
4. In the **event that the corrective action is not successful**, the Executive Director of Finance and Commercial Services will **draft a report** under Part VIII of the Local Government Finance Act 1988
5. **Consultation** about report with Head of Paid Service and Director of Governance (Monitoring Officer)
6. Executive Director of Finance and Commercial Services **signs report** - sent to every member of the council and the external auditor as soon as practical. The report should normally be sent with the summons to the Full Council meeting which will consider it. Proof of sending should be retained
7. From the date of issue, a **prohibition period** begins (no new expenditure may be undertaken). All budget holders (including schools) must be notified of restrictions. Within 21 days the Full Council (or Cabinet, if appropriate) must meet to consider the report. The Head of Paid Service notifies the External Auditor of the date, time and place of the meeting
8. Full Council (or Cabinet, if appropriate) may **agree the report** and decide remedial action **or disagree the report** and take no action. The prohibition period ends the following day and the **Head of Paid Service notifies the External Auditor of the outcome**

Exceptions and other considerations

10. There are a number of circumstances which would not necessarily result in the preparation of a section 114 report. These include:

    - Emerging matters or a developing situation. This would include occasions where a view is requested on a proposal which may be under consideration but which if pursued could result in a reportable matter. A simple preliminary request would not give rise to a need to report, although any further developments would need to be monitored.
    - Items of trivial expenditure or loss of income.
    - Cases of discovered fraud (which may in any case lead to criminal prosecution) would not normally result in a requirement for a section 114 report but will be dealt with under the Council's existing Anti-Fraud and Corruption Strategy, as referenced elsewhere within the Financial Regulations.
    - A service overspend in and of itself is unlikely to give rise to a section 114 report, which would only be required where the Council's total resources are likely to fall short of expenditure and the Executive Director of Finance and Commercial Services judges that there is no reasonable prospect of the position being resolved or mitigated.

11. The above list is not exhaustive. In these and similar circumstances, the Executive Director of Finance and Commercial Services will give consideration to the need for a report under section 114, in consultation with other officers as required.

12. In the case of a developing situation, careful consideration will need to be given to the timing of any report, in particular to distinguish between an emerging situation and an actual one. Every reasonable action will be taken to avoid the need for a section 114 report by providing timely financial advice including alternative options to avoid an emerging reportable situation from ultimately arising.

Further action

13. The Executive Director of Finance and Commercial Services' statutory duties under section 114 are discharged once a report has been issued to Full Council (or Cabinet, if appropriate). In the event that Full Council (or Cabinet, if appropriate) does not agree with a report issued under section 114, it is likely that any further formal action would be taken by the External Auditor through the issue of an advisory notice under section 29 (schedule 8) of the Local Audit and Accountability Act 2014 or by applying to the court for a declaration under section 31 of the above Act.

CORPORATE SELECT COMMITTEE – FORWARD WORKPLAN 2021/22

Corporate Select Committee	**15 November 2021**	**17 January 2022**	**14 March 2022**
Corporate	**Part A –** • Business Transformation and Smarter Working • Digital Strategy & Digital Inclusion update • MyOracle programme update • Financial Regulations 2021 update • Strategic and financial planning 2022-23 **Part B –** • Committee forward plan	**Part A –** • Staff survey update and planning for 2022 • Gender pay report • NCC Strategy, business planning and performance management framework **Part B –** Committee forward plan	**Part A –** • Business Transformation and Smarter Working **Part B –** Committee forward plan