Norfolk County Council

Corporate Select Committee

Date: **Monday 13 November 2023**

Time: **10:00 am**

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

Membership:

Cllr R Oliver (Chair)
Cllr A Birmingham
Cllr S Clancy
Cllr D Bills
Cllr G Carpenter
Cllr D Roper
Cllr A White
Cllr D Sayers
Cllr T Jermy
Cllr B Price
Cllr V Thomson
Cllr W Nunn (Vice Chair)
Cllr C Smith

Advice for members of the public:

This meeting will be held in public and in person

It will be live streamed on YouTube and members of the public may watch remotely by clicking on the following link: Norfolk County Council YouTube

We also welcome attendance in person, but public seating is limited, so if you wish to attend please indicate in advance by emailing committees@norfolk.gov.uk

Current practice for respiratory infections requests that we still ask everyone attending to maintain good hand and respiratory hygiene and, at times of high prevalence and in busy areas, please consider wearing a face covering.

Please stay at home if you are unwell, have tested positive for COVID 19, have symptoms of a respiratory infection or if you are a close contact of a positive COVID 19 case. This will help make the event safe for attendees and limit the transmission of respiratory infections including COVID-19.

Agenda

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

2. Minutes

To receive the minutes of the previous meeting held on 11 September 2023. **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 **5pm Tuesday 7 November 2023.** For guidance on submitting a public question, view the Constitution at: [Ask a question to a committee - Norfolk County Council]

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 Tuesday 7 November 2023.**

7. **Strategic and Financial Planning 2024-25** **Page 17**
Report by the Director of Strategic Finance

8. **The Artificial Intelligence Opportunity** **Page 78**
Report by the Executive Director for Strategy & Transformation

9. **County Farms Rural Estates Strategy 2023-2027** **Page 87**
Report by Executive Director of Community and Environmental Services

10. **Forward Work Plan 2023** **Page 108**
Note by the Executive Director for Strategy & Transformation

Tom McCabe
Chief Executive
County Hall
Martineau Lane
Norwich
NR1 2DH

Date Agenda Published: **3 November 2023**

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Norfolk County Council

Corporate Select Committee

Minutes of the Meeting Held on 11 September at
10:00 am in Council Chamber, County Hall, Martineau Lane Norwich NR1 2DL

Present:
Cllr R Oliver (Chair)
Cllr A Birmingham
Cllr D Bills
Cllr D Roper
Cllr A White
Cllr B Price
Cllr V Thomson
Cllr W Nunn (Vice Chair)
Cllr L Hempsall
Cllr S Clancy
Cllr G Carpenter

Substitute Members Present:
Cllr B Jones

Also Present:

Cllr Greg Peck	Deputy Cabinet Member for Finance
Cllr Jane James	Cabinet Member for Corporate Services and Innovation
Al Collier	Director of Procurement and Sustainability
Sam Pittam-Smith	Director of Strategy, Design & Delivery
Deborah Carr	Discovery Lead, Strategy and Performance
Paul Cracknell	Executive Director of Strategy and Transformation
Maisie Coldman	Trainee Committee Officer

1. Apologies for Absence

1.1 Apologies were received from Cllr Smith and Cllr Jermy (substituted by Cllr Jones).

2. Minutes

2.1 The minutes of the meeting held on 10 July 2023 were agreed as an accurate record and signed by the Chair.

2.2 The committee’s previous request for information on the cost and funding of the third-party resource in respect of constitutional work with regards to a potential devolution deal would be followed up.

2.3 The chair asked for an update on the motion agreed by the committee on the exploration of a four-day working week. The committee heard that a paper regarding this was underway and would come to the committee in due course.

2.4 It was confirmed, in relation to information agreed to be provided at the previous meeting, that Cllr Price has received a response to the Motion agreed in the July 2022 meeting.

2.5 Members of the committee used this opportunity to ask the following questions:

- Members asked for assurance that following Birmingham City Council's notification of the Section 114 notice, Norfolk County Council (NCC) was reviewing lessons learned and its governance. The committee heard that this was the case, and that insights and learning were being gained from other authorities and organisations.

- In response to a member's question about whether any Norfolk County Council buildings were known to have Reinforced Autoclaved Aerated Concrete (RAAC) and the financial implications of this, the committee heard that no cases of RAAC had been identified. Thus, there are currently no financial implications.

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.

5. Public Question Time

5.1 There were no public questions.

6. Local Member Issues/Questions

6.1 There were no member issues/questions.

7. Smarter Working

7.1 The committee received the report which was introduced by Cllr Jane James, Cabinet Member for Corporate Services and Innovation.

7.2 Deborah Carr, Discovery Lead, Strategy and Performance, presented an overview of the report to the committee. She highlighted that the programme of work looked at how the improvement, efficiency and delivery of services can be achieved and identified the four programmes of work. These included Hybrid

Working, County Hall car parking, County Hall Ground Floor Space and Business Mileage.

7.3 The following points were noted during discussion and in response to questions from the committee:

- Members of the committee were keen to understand how the Smarter Working Programme would enhance the customer experience. The committee heard that for services where hybrid working isn’t suitable, there would be no changes to the customer experience. Additionally, the move towards implementing hybrid working arrangements within the call centre service, for example, improves resilience and flexibility which therefore improves the customer experience.

- A member of the committee asked whether Key Performance Indicators (KPIs) existed to ensure that progress towards achieving this could be monitored. In response, officers said that productivity, in relation to hybrid working, could be measured amongst other things by reduced travel time and cost. More generally, there is consideration of wider productivity which can be measured in the context of cost inputs, outputs, and outcomes. Productivity measures were being considered more broadly and a wider piece of work on productivity would be completed in the coming year. It was generally felt by members that KPIs on the customer experience needed to be more specifically included.

- Officers clarified that the Office for Local Government (Oflog) data and its measures were being reviewed and best value indicators and comparison between authorities was happening at a service-specific level. The outcomes of this benchmarking could be shared with the committee in due course.

- Staff turnover was c12 percent, which was typical in comparison to benchmarking available from sources such as the Chartered Institute of Personnel and Development which typically identified 10-15% as a typical range. When staff leave, there are exit interviews and questionnaires to better understand the circumstances: this information was then shared with managers. A member of the committee asked if the findings could also be shared with the committee. The difficulties with recruitment varied between professions. For example, some social care and specialised roles were noted as more difficult to recruit to. This was not a specific problem specific to NCC. NCC was offering incentive schemes to aid recruitment in some circumstances.

- The last 12 months of recruitment data indicate that 13 percent of roles were filled by staff from outside of Norfolk. A member queried whether staff who lived outside of Norfolk, who were required to work in person, would travel in working time. Officers shared that normal commute to a work base, regardless of where a person lived, were confirmed as not being on work time.

- Regarding Business Mileage, the committee heard that a piece of work would be carried out to understand why the emissions from employee/other vehicles were increasing compared to the immediate post-Covid period and to explore alternative ways of working and/or travelling to reduce emissions.

- Members were assured that in the case of any large changes to the County Hall Ground Floor, a business case would be produced and would follow the appropriate processes for approval. The opportunity for smaller tactical changes, that require fewer resources, would also be explored.

- The desk utilisation figures needed to be better understood to ensure the best use of NCC properties and to give assurance of the best use of money. Members of the committee questioned if there were any plans to mandate a minimum requirement of office days per week. Officers said that there were no current plans to require this.

- It was noted that there were no plans to implement parking charges at County Hall as a mechanism for income generation to fill a savings gap.

- Whilst there was no specific data on the usage of the top deck car park at County Hall, there was data on the usage of the car park more generally that could be shared with members.

- In response to a question about whether staff get grants for equipment, the committee heard that staff could request necessary equipment which would be made available to them whilst there was a business need.

- Following a request from a member, officers would see if data was available to make a comparison about the amount of annual leave taken in August compared to previous years.

Cllr Oliver proposed a recommendation that the committee receive the number of full-time staff (not including teachers or teaching staff) at all future committee meetings so members could see month by month staff numbers and any emerging trends. This data would cover the 5 years prior to the committee meeting to allow for context in the dataset. This was seconded by Cllr Clancy and following a vote, the recommendation was **agreed**.

7.3 Cllr Hempsall proposed the recommendations noted in the Smarter Working report. This was seconded by Cllr White and following a vote, the Select Committee **agreed** to **approve** the strategic roadmap and the 4 programmes.

8. Norfolk County Council Procurement Strategy 2023- 2026

8.1 The committee received the report, which was introduced by Cllr Greg Peck, Deputy Cabinet Member for Finance.

8.2 Al Collier, Director of Procurement and Sustainability, provided members with a presentation (appendix A). He highlighted the goals, priorities, and enablers of the Procurement Strategy, offering examples of best practice.

8.2 The following points were noted during discussion and in response to questions from the committee:

- Members of the committee congratulated the Procurement Team for their work and the savings they were able to make.

- Cabinet committed in November 2021 to requiring Carbon Reduction Plans of large suppliers through the implementation of the procurement policy note, PPN06/21.Targets have been set for scope one and two reductions. Scope three emissions will be picked up category by category when there is an opportunity to reprocure. There was no period review of the implementation of PPN0621. The specific details of carbon reduction would be covered in climate action plans which would be reviewed by the Infrastructure and Development Committee. The Procurement Strategy doesn't offset out the detailed approach to carbon reduction.

- Following a member's question on how opportunities are publicised, the committee heard that all procurement opportunities are uploaded to Contracts Finder, a free Government tool. Engagement with the market continues. Some of this s sector-specific, for example through the Norfolk and Suffolk Care Association, but some of it was more general. A pipeline of upcoming contacts is advertised to attract bidders in advance and NCC has successfully encouraged new bidders, displacing former monopolies.

- There was a general feeling that local contractors, suppliers, and small and midsize enterprises (SMEs) should be encouraged to tender for NCC work. Currently, there is a term written into many large contracts that encourages the prime contractor to seek local subcontractors. Additionally, the committee heard that changes to the Local Government Act were being consulted on which would allow sub-threshold contracts to be reserved for local suppliers. It was hoped that this would become law by October 2024 and work was already happening establish areas of work that might be reserved for local businesses.

- In response to a member's question about expiring contracts and whether there was a mechanism to ensure that enough time was given to renegotiate the details of the contacts, members of the committee heard that large contracts that are due to expire in the next three years (if it was a smaller contact it may expire in a year or less) or have a scheduled break point, are added to the pipeline process. The pipeline would go to Cabinet in April, noting the contracts that would be tendered that year or needed to be renegotiated. There are, on occasion, exceptions to this process.

- It was confirmed that there was a significant analytical resource available to ensure that the correct data was available when reprocuring a contract and to make evaluations relating to the improvement and performance of the contract throughout its duration. Additionally, the tender evaluation incorporates the knowledge of the contract management team and the procurement team. Together they would decide the importance of specific aspects (cost, policy, environmental impacts) of the project.

- Assurance was sought that the policy was going through a period of oversight before implementation. Mr Collier clarified that the Procurement Strategy has been seen by the Commercial Board before going through the Member process. If implemented, Cabinet would receive periodic reporting on the Procurement Strategy.

- Furthermore, it was a requirement that there are three lines of defence, as part of the Commercial Continuous Improvement and Assessment Framework (CCIAF). The committee heard that the first and third lines of defence are good and that updates would be made to policy in relation to the second line of defence.

- It was confirmed that social value was already monitored and was a requirement set out in contacts; the strategy would bring this monitoring into one place.

- Evidence was being collected for benchmarking as part of the CCIAF. The outcome of this would be the implementation of a Continuous Improvement Plan. It was for the Audit and Governance Committee to decide which aspects of procurement to review

- In response to a member's question about whether the contacts awarded to Norse were done automatically because they are a wholly owned subsidiary, officers stated that many of the contacts awarded to Norse are under the Teckal provision, but some contracts are won through competitive tendering (in an approximately 80:20 split). Awarding contacts to Norse occurred for reasons beyond the price, it was felt to offer social value and resilience. Value for money was required to be shown through benchmarking and breaking down costs for scrutiny.

Cllr Clancy proposed a motion that the committee receive a list of the gold contacts, their strategy, performance, and durations in the November meeting. This was seconded by Cllr Price, and following a vote, was **agreed.**

8.3 Cllr Oliver proposed the recommendations noted in the Procurement Strategy report. This was seconded by Cllr Hempsall, and following a vote, the Select Committee **agreed** to **endorse** the Procurement Strategy's progression for Cabinet's consideration.

9. Forward Work Plan 2023

9.1 The committee resolved to **agree** the forward work programme.

9.2 Members of the committee **agreed** to request that the following items are added to the Forward Work Plan:

- Review arm's length companies,
- Net zero updates to include full costing,
- KPIs and productivity metrics on a sector-by-sector basis.

Meeting concluded at 11:50.

Rhodri Oliver Chair

Corporate Select Committee

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Procurement Strategy

Briefing for Corporate Select Committee

Norfolk County Council

Context

To provide a clear, strategic direction for procurement at Norfolk County Council, supporting the delivery of the organisation's vision and strategic priorities as laid out in *Better Together, for Norfolk.*

Structured around goals and priorities for the medium term, and the enablers to ensure that these are delivered against.

Norfolk County Council
Procurement Strategy 2023-2026

Goals

1. To achieve value for money from the goods, services and work we procure
2. To ensure that contracts deliver what is expected – in terms of costs, time, specification and social value
3. To build long-term, innovative relationships with strategic suppliers
4. To effectively manage risks associated with our commercial activity, including inflation, supplier solvency, modern slavery, supply chain resilience, cyber risks and supplier performance.
5. To build social value considerations into the planning and delivery of all procurement activity – especially net zero and other environmental objectives, local skills and employment, and apprenticeships - in order to make Norfolk a better place to live, work and study.
6. To exploit our position as one of the public sector bodies with the strongest spend data to drive our procurement and commissioning decisions.
7. To comply with national legislation and the council's organisational policies, strategies, and regulations.

Medium term priorities

- Savings
- Legislative change (Procurement Bill and Provider Selection Regime)
- Contract and supplier relationship management
- Net zero and social value

Enablers

People

Right policies

Right tools

Continuous improvement

People	Right policies	Right tools	Cont. improvement
A capable and motivated team	**A governance framework which is relevant, consistent and up to date**	**Tools which help ensure quality, consistency, and efficiency**	**Continuous refinement of tools, systems and ways of working**

Capability to use systems and tools
Understanding what's behind legislative change
Effective contract managers
Negotiation skills
Understanding and consistently applying social value
	Upcoming procurement law changes:
	○ Provider Selection Regime
	○ Procurement Bill
	  ○ Greater flexibility
	  ○ Greater transparency
	  ○ Change to LTR services
		MyOracle & robotic process automation
		Category strategies
		Document automation system
		Process improvement model:
		○ *Repeatable*
		○ *Robots*
		○ *Refinement*
			Responsive to changes in business needs and technologies
			Feedback and learning is integrated to the way we work
			Benchmarking – Commercial Continuous Improvement and Assessment Framework

Using digital workers

Digital worker number one (overnight)

- Exports contracts and requisitions from myOracle
- Applies decision logic (defined by procurement) and uses this to apply recommendation
- Pushes information and recommendation to service desk

Human In The Loop (HITL)

- Looks at info presented in the interface
- Makes decision to PROCESS or REJECT each requisition
- Issues process/reject instructions – by pressing a button in the app

Digital worker number two (3x per day)

- Acts on instruction – processes or rejects within myOracle
- Emails any exceptions to the human

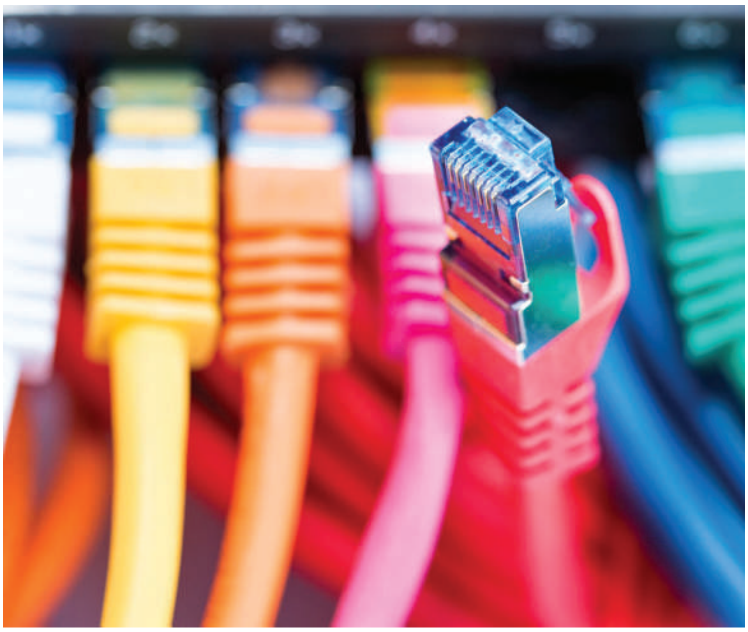
Norfolk County Council

Social value through major projects – Herring Bridge

Local spend (30 miles)	£17M
Local jobs	124 FTE
Engagement with schoolchildren	2397 children
Apprenticeship weeks	272 weeks
Work experience weeks	161 weeks

Driving environmental improvements through evaluation criteria

- £4.5m per annum reduction in telecoms spend compared to BT contract
- Further £400,000 per annum saving on latest reprocurement
- Minimum £400,000 saving next year through software rationalisation
- £238,000 per annum mobile phone savings from next FY



Commercial Continuous Improvement and Assessment Framework

- 06th Sep 2023 — Mobilisation drop in session
  Weekly drop in sessions begin
- 02nd Oct 2023 — Commence Self Assessment
- 24th Nov 2023 — Submission of Self Assessment
- 15th Dec 2023 — CO Playback Report Generation
- 15th Jan 2024 — CI Plans (Six Monthly)
- 23rd Oct 2024 — Re-baseline Self Assessment

Discussion …

Corporate Select Committee

Item No: 7

Report Title: Strategic and financial planning 2024-25

Date of Meeting: 13 November 2023

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

Responsible Director: Harvey Bullen (Director of Strategic Finance)

Executive Summary

The appended report, which was considered by Cabinet in October 2023, represents a key milestone in the Council's budget setting process for 2024-25. Cabinet has already sought Select Committee input into the 2024-25 budget process, in respect of the overall planning context, and broad approach to the development of saving proposals.

This Select Committee report now appends the latest Cabinet report in order to provide details of the saving proposals identified to date for 2024-25 budget setting. This is intended to support the Select Committee's discussion of the specific proposals and enable the Committee to provide its feedback and input to a future meeting of Cabinet and thereby to inform budget decisions.

Also appended to this Select Committee report is financial benchmarking information. This is intended to provide an opportunity for the Committee to consider proposed savings in the context of the benchmarking position.

This report therefore forms an important part of the process of developing the 2024-25 Budget, representing a key opportunity for the Select Committee to provide its views on priorities and the budget proposals for the services within its remit.

Recommendations / Action Required

The Select Committee is asked:

1. To consider the latest Budget and Medium Term Financial Strategy position as reported to Cabinet in October 2023 (Appendix 1), noting in particular the emerging risks and uncertainties within the Council's planning position.

2. To consider and comment on the savings proposals for 2024-25 as set out in Appendix 1, which fall within the Committee's remit.

3. To note the budget gap which remains to be closed for 2024-25 and in this context to comment on any areas the Select Committee would recommend exploring for savings development in relation to the services within the Select Committee's remit, in order to provide further input to the 2024-25 budget process and inform the final package of saving proposals put forward to Cabinet later in the year. In particular the Committee is asked to consider savings opportunities under the following headings:

   a. New initiatives which would deliver savings;
   b. Activities which could be ceased in order to deliver a saving;
   c. Activities which the Council should seek to maintain at the current level as far as possible (i.e. areas where the Committee considers there is limited scope for savings).

1. Background and Purpose

1.1 Cabinet has sought input from the Council's three Select Committees in relation to developing budget proposals for the 2024-25 Budget. This continues the approach adopted to setting the budget in previous years. Select Committees therefore received an update on the Council's budget setting process in July 2023, and in particular were invited to:

- Consider the overall Budget and Medium Term Financial Strategy position as reported to Cabinet in June 2023.
- Consider the key issues for 2024-25 budget setting, overall service strategies as set out within the 2023-24 Budget Book, and budget setting principles.
- To consider any specific areas of activity that the Select Committee would recommend exploring for savings development.

1.2 Select Committee comments from the July 2023 meeting cycle were reported to Cabinet in October. Following the July Select Committee meetings, Cabinet considered savings proposals for 2024-25, totalling £26.485m. Select Committees now have an opportunity to consider these proposals and the package of measures currently being consulted on.

1.3 At the time of preparing the October Cabinet report, one saving was identified as requiring specific public consultation: *Review contracts providing respite for adults with learning disabilities and identify a more cost effective and efficient way of delivering this service*. Following further review it has been confirmed that specific consultation is not necessary, and this saving will form part of the main overall consultation process.

1.4 This report therefore represents the key opportunity for Select Committees to provide input to 2024-25 budget setting and the Committee is invited to comment on the substantive proposals which have been developed and are currently undergoing public consultation.

1.5 Any comments from Select Committees will be reported to Cabinet later in the budget setting process in order to inform final budget recommendations to Full Council.

2. Proposal

2.1 The report to October Cabinet reproduced as Appendix 1 provides an update on the financial planning context for the County Council, including:

- the 2024-25 Budget proposals which have been developed so far;
- the proposed approach to public consultation on, and equality impact assessments of, the 2024-25 Budget;
- the emerging service and other budget pressures which have been identified to date; and
- key areas of risk and uncertainty.

2.2 The Select Committee's views are particularly sought in relation to the services within its remit on (1) the new proposals identified for 2024-25 budget setting and currently undergoing public consultation, and (2) further areas for savings development to bridge the remaining 2024-25 budget gap. The Committee's feedback will help shape budget and saving proposal development for 2024-25, assist in the identification of key pressures and priorities for the 2024-25 Budget, and (ultimately) inform Cabinet's recommendations on the budget proposals to Full Council later in the year.

2.3 The financial approach and key strategies for Directorates delivering services which fall broadly within the remit of this Committee have been set out within the County Council's 2023-24 Budget Book[1].

3. Impact of the Proposal

3.1 Select Committee input will support in shaping budget proposals and thereby contribute to the 2024-25 budget setting process. Individual recommendations from Select Committees will help to inform budget proposals and will therefore ultimately impact on Departmental budgets and service delivery for 2024-25. Details of specific impacts will be identified and reported in later stages of the budget process. Further impacts are also set out in the appended Cabinet paper.

[1] https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/budget-book-2023-27.pdf

4. Evidence and Reasons for Decision

4.1 As set out in the appended report. Select Committees have a specific role in policy development and therefore are invited to comment and advise Cabinet on budget options within their remit as in previous years.

5. Alternative Options

5.1 As set out in the appended report, a range of options remain open at this stage. The purpose of this report is to provide Select Committees with an opportunity to engage with the budget process and inform the development of specific options for the 2024-25 Budget.

6. Financial Implications

6.1 Immediate financial implications are highlighted in the appended report. Any implications arising from the Select Committee's comments will be reported to a future meeting of Cabinet as part of 2024-25 budget setting as appropriate.

7. Resource Implications

7.1 Staff:
There are no direct implications arising from this report although existing and proposed saving plans will include activities linked to staffing budgets. In addition there is a potential that further staffing implications may arise linked to specific saving proposals developed. These implications will be identified and reported as they arise later in the budget planning process. Further details are set out in the appended report.

7.2 Property:
The appended report includes saving proposals related to declaring surplus and ultimately disposing of sites. Services currently delivered from these sites will need to be relocated and delivered from alternative sites within the County Council's property estate. There are no direct property implications arising from this report although existing and proposed saving plans will include activities linked to property budgets and assumptions around capital receipts to be achieved. In addition there is a potential that further property implications may arise linked to specific saving proposals developed and these implications will be identified and reported as they arise later in the budget planning process. Further details are set out in the appended report.

7.3 IT:
There are no direct IT implications arising from this report although existing and proposed saving plans include activities linked to IMT budgets. In addition there

is a potential that further IT implications may arise linked to specific saving proposals developed and these implications will be identified and reported as they arise later in the budget planning process. Further details are set out in the appended report.

8. Other Implications

8.1 Legal Implications:
As set out in the appended Cabinet paper.

8.2 Human Rights Implications:
As set out in the appended Cabinet paper.

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

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

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

8.6 Sustainability implications (where appropriate):
As set out in the appended Cabinet paper.

8.7 Any Other Implications:
As set out in the appended Cabinet paper.

9. Risk Implications / Assessment

9.1 As set out in the appended Cabinet paper.

10. Recommendations

The Select Committee is asked:

1. To consider the latest Budget and Medium Term Financial Strategy position as reported to Cabinet in October 2023 (Appendix 1), noting in particular the emerging risks and uncertainties within the Council's planning position.

2. To consider and comment on the savings proposals for 2024-25 as set out in Appendix 1, which fall within the Committee's remit.

3. To note the budget gap which remains to be closed for 2024-25 and in this context to comment on any areas the Select Committee would recommend exploring for savings development in relation to the services within the Select Committee's remit, in order to provide further input to the

2024-25 budget process and inform the final package of saving proposals put forward to Cabinet later in the year. In particular the Committee is asked to consider savings opportunities under the following headings:

a. New initiatives which would deliver savings;
b. Activities which could be ceased in order to deliver a saving;
c. Activities which the Council should seek to maintain at the current level as far as possible (i.e. areas where the Committee considers there is limited scope for savings).

11. Background Papers

11.1 As set out in the appended Cabinet paper, plus

Norfolk County Council Budget Book 2023-24 https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/budget-book-2023-27.pdf

Norfolk County Council Constitution, Part 7 – Overview and Scrutiny Bodies, para 3.9 – Membership and Areas of Responsibility of Select Committees.

Strategic and Financial Planning reports considered by Select Committees in July 2023 as follows:

- Corporate Select Committee, 10/07/2023
- Infrastructure and Development Select Committee, 12/07/2023
- People and Communities Select Committee, 14/07/2023

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

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Telephone no.: 01603 224310
Email: alex.cook2@norfolk.gov.uk

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Cabinet

Item No:

Decision making report title: Strategic and financial planning 2024-25

Date of meeting: 2 October 2023

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

Responsible Director: Harvey Bullen (Director of Strategic Finance)

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

If this is a key decision, date added to the Forward Plan of Key Decisions: 5 June 2023

Introduction from Cabinet Member

It remains the case that there is substantial uncertainty about funding for 2024-25 onwards, in spite of the Government's Policy Statement published shortly before the 2023-24 Finance Settlement. The County Council faces a significant challenge in developing the Budget for 2024-25. There remains a Budget gap, and there are simultaneously severe headwinds in both the wider economy and public finances which will inevitably serve to increase cost pressures.

The Medium Term Financial Strategy (MTFS) agreed in February 2023 set out a gap of £126.522m for the period 2024-25 to 2026-27 including a gap of £46.216m for the first year, 2024-25. In June, Cabinet agreed to extend the MTFS for an additional year, 2027-28 which added a further £18.689m to the budget gap to be addressed and resulted in a total revised gap of £145.211m for the MTFS.

In June Cabinet also agreed to begin the Budget setting process, agreeing the timetable and proposed consultation process for 2024-25, as well as allocating saving targets to each Department. The Council's well-established process for annual budget setting forms a key part of the Council's robust approach to developing savings proposals at the scale and pace required to support the preparation of a balanced 2024-25 Budget.

DLUHC published the Local government finance policy statement 2023-24 to 2024-25 in December 2022. Although this included 2024-25 indicative figures for some specific grants at a national level, individual authority grant allocations remain unknown. The Local Government Finance Settlement for 2023-24 was essentially a one-year announcement providing limited certainty for planning for 2024-25 onwards.

The next fiscal event will be the Autumn Statement 2023, due to be announced 22 November 2023. Although this may provide an outline of the funding available for local government, further detail about local authority funding may not be available until the Local Government Provisional Settlement for 2024-25, which is unlikely to be before mid-December 2023.

It is in this climate of continuing uncertainty that the Council has developed proposals for the 2024-25 Budget. Many elements of the Budget remain unknown at this stage but have the potential to make a material impact on the level of resources available to Norfolk County Council to deliver services in the future. The level of proposals brought forward so far remain short of the level identified to be sought in June 2023 and intensive work therefore continues to develop further savings. Nonetheless the proposals set out in this paper make a significant contribution towards the overall quantum of savings required and provide a strong foundation which will enable the Cabinet to bring forward a package of balanced, sustainable budget proposals in January 2024. Ultimately this will enable the Council to continue to deliver the key services which are relied upon every day by Norfolk's residents, businesses and visitors.

This report therefore sets out details of the initial proposals for Cabinet consideration prior to public consultation. It also explains the broad approach planned to enable further options to be brought forward in order to contribute to a balanced Budget being proposed for 2024-25.

Executive Summary

The October Cabinet meeting is an important milestone in the process of developing the 2024-25 Budget, although work is required to identify further proposals that will support the development of a balanced Budget in January 2024 as described more fully within the body of the report.

This report provides an opportunity for Cabinet to consider the current 2024-25 Budget proposals prior to public consultation being undertaken, and in particular:

- details the 2024-25 Budget proposals which have been developed so far;
- summarises the proposed approach to public consultation on, and equality impact assessments of, the 2024-25 Budget;
- describes the emerging service and other budget pressures which have been identified to date; and
- details key areas of risk and uncertainty.

The Strategic and Financial Planning report should be read in conjunction with the latest Financial Monitoring report for 2023-24 included elsewhere on the agenda. Collectively, these reports serve to provide an overview of the Council's current and expected future financial position.

As set out throughout this report, significant uncertainty remains around the planning position for 2024-25, and this report therefore also summarises the remaining steps required in the process leading to budget-setting in February 2024. Recognising the scale of the budget gap to be addressed, the Budget planning process for 2024-25 includes a further round of savings development which will enable proposals to be developed to be included in the January Cabinet meeting. The MTFS position will need to be updated to reflect future government funding announcements, and as the scale of the impact of both social care reform announcements and any implications of the ongoing cost of living crisis on the Council become clearer. This will be reported to January 2024 Cabinet and considered by Scrutiny Committee as the budget setting process progresses to its conclusion at Full Council in February 2024.

Cabinet decisions based on the information in this report will ultimately help to support the development of a robust, balanced 2024-25 Budget for the Council.

Recommendations:

Cabinet is recommended:

1. **To consider and comment on the County Council's financial strategy as set out in this report and note that the Budget process is aligned to the overall policy and financial framework;**

2. **To note that fiscal and policy decisions made by the Government in autumn 2023, may have implications for the County Council's budget planning position. The outcome of these national funding announcements, alongside the Local Government Finance Settlement, will have potentially significant impacts on the 2024-25 Budget position, which will not be fully known until later in the budget setting process.**

3. **To consider and agree for planning purposes the latest assessment of significant areas of risk and uncertainty around emerging budget pressures for the 2024-25 Budget and Medium Term Financial Strategy, which remain to be resolved and which may have a material impact on budget planning (section 8).**

4. **To direct Executive Directors to identify proposals for further recurrent Departmental savings towards the original target of £46.200m agreed in June 2023, for consideration by Cabinet in January 2024 and to support final 2024-25 Budget recommendations to Full Council.**

5. **To note that, taking into account the significant budget pressures for 2024-25, the S151 Officer anticipates recommending that the Council will need to apply the maximum council tax increase available in order to set a sustainable balanced budget for 2024-25;**

6. **To note the responsibilities of the Director of Strategic Finance 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 9 and the further actions which may be required to set a balanced budget as set out in paragraph 10.3;

7. **To consider and agree the proposals as set out in section 5 (Table 5) to be taken forward in budget planning for 2024-25, subject to final decisions about the overall Budget in February 2024, noting the level of savings already included from the 2023-24 Budget process (Table 3);**

8. **To agree that public consultation (as set out in section 11) and equality impact assessment (as set out in section 17) in relation to all other proposals for the 2024-25 Budget be undertaken as set out in section 11, and asking residents for their views on the level of council tax;**

9. **To note that the Chief Executive (Head of Paid Service) has the delegation to undertake any staff consultation relating to specific proposals as required to inform and support 2024-25 Budget setting decisions in January 2024;**

10. **To confirm the remaining next steps in the Budget planning process for 2024-25, and the Budget planning timetable (Appendix 1); and**

11. **To note and thank Select Committees for their input into the Budget development process for 2024-25 in July, and to invite Select Committees to comment further on the detailed proposals set out in this report when they meet in November 2023 (section 19).**

1. Background and Purpose

1.1. In June 2023, Cabinet agreed the approach to Budget setting for 2024-25. Cabinet also agreed the allocation of saving targets as shown in the table below. These represent the new savings which needed to be found in addition to those currently planned for in the 2023-24 MTFS position and set out in the Council's 2023-24 Budget Book[2]. As set out in this report, progress has been made in the development of saving proposals for 2024-25, but further savings need to be identified to get closer to the overall targets originally set. There also remains a possibility that the targets set out in the table below may need to be revisited later in the budget process in view of the significant uncertainties around the pressures and funding assumptions used at the time of preparing the MTFS, although this is considered unlikely at this stage. Further details are set out later in this report in relation to the risks to the Budget and MTFS position (section 8).

[2] https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/budget-book-2023-27.pdf

Table 1: Saving targets by Department

Savings Target	2024-25	2025-26	2026-27	2027-28	Total MTFS saving target	Share
	£m	£m	£m	£m	£m	%
Adult Social Services	20.700	16.100	19.600	7.800	64.200	44%
Children's Services	11.800	9.200	11.200	4.500	36.700	25%
Community and Environmental Services	11.400	8.900	10.800	4.300	35.400	24%
Strategy and Transformation	1.300	1.300	1.200	1.200	5.000	3%
Finance	1.000	1.000	1.000	0.900	3.900	3%
	46.200	**36.500**	**43.800**	**18.700**	**145.200**	**100%**

1.2. This report provides Cabinet with an update on the progress towards identifying proposals to address the 2024-25 target and the proposed approaches to tackling the remaining MTFS gap.

1.3. The savings targets were apportioned to departments in line with the Council's departmental structure at the time. The savings proposals and tables in this report are aligned to the same departments as the savings targets. Recategorisation of savings proposals to the new departmental structure agreed by July 2023 Employment Committee will be presented in the January 2024 budget papers to Cabinet.

2. Strategic Context

2.1. 2024-25 strategic and financial planning has been undertaken in the context of continued uncertainty around the ongoing war in Ukraine in terms of global energy and food supply, as well as inflationary pressures and the consequent impact on both the cost of services we deliver, and the demand for services as households and communities continue to struggle with the rising cost of living. These inflationary impacts have not been a short-term issue and have resulted in a permanent uplift in the Council's cost base in many key areas.

2.2. CPI inflation stands at 6.7% in August 2023 and the Bank of England Monetary Policy Report August 2023 forecasts inflation to come down to around 5% in quarter four 2023, keep on falling in 2024, but not reach the 2% target until early 2025. At its meeting of 21 September 2023, the Bank of England's Monetary Policy Committee maintained the Bank Rate interest rate at 5.25%, the highest level since February 2008. Increases in the base rate have consequences for the Council in relation to the cost of borrowing which impacts on the revenue budget through the cost of financing the capital programme.

2.3. Falls in real household incomes have had a significant impact on people and families, particularly (but not limited to) those experiencing financial or employment vulnerability. This, in turn, could have a knock-on impact on demand for our services.

2.4. This cost of living crisis is expected to constrain growth in consumer spending, the main driver of economic growth. With business investment and demand for exports subdued, there is little room for economic growth.

2.5. It is in these difficult times that the County Council cannot afford any complacency and, working with its partners, will have to consider how best to deploy its own limited resources to support the most vulnerable people and communities, whilst continuing to provide wider public services.

2.6. The Council Strategy '[Better Together, for Norfolk 2021-2025]' is the key high-level document which, supported by the Medium Term Financial Strategy, sets the Council's strategic policy direction. The four-year strategy, developed following broad engagement, sets out the Council's vision – *'In Norfolk, we cherish our heritage, we embrace opportunity, and offer an extraordinary place in which to spend a lifetime. We want Norfolk to be the place where everyone can start life well, live well and age well, and where no one is left behind. We want our economy to be vibrant, entrepreneurial and sustainable, supported by the right jobs, skills, training and infrastructure. We want our communities to feel safe, healthy, empowered and connected, their individual distinctiveness respected and preserved.'*

2.7. The strategy is structured around five key priorities which clearly demonstrate the organisation's level of ambition and intent to deal with key challenges:

1. **A vibrant and sustainable economy**
2. **Better opportunities for children and young people**
3. **Healthy, fulfilling and independent lives**
4. **Strong, engaged and inclusive communities**
5. **A greener, more resilient future**

2.8. Our ongoing service transformation programmes collectively are intended to enable us to improve services and manage demand, making the Council more effective and efficient.

2.9. On 8 December 2022, Norfolk County Council and Government signed a **County Deal for Norfolk**. Devolution offers a generational opportunity to unlock significant long-term funding and gain greater freedom to decide how best to meet local needs and create new opportunities for the people who live and work in Norfolk. Some decisions and funding previously controlled in Westminster will now be decided by Norfolk, for Norfolk.

2.10. If agreed, a Deal for Norfolk will mean that, from 2024 onwards, we can:

- target funding and resources to Norfolk's own priorities, with a new investment fund of £20m per year for 30 years
- unlock housing and employment sites with an injection of £12.9m capital funding in this Spending Review period and new powers to drive regeneration, housing and development priorities
- invest in the skills we know we need, with devolution of the adult education budget and input into the new Local Skills Improvement Plans
- invest in local transport planning and consolidate transport budgets to direct funding to better meet our local needs and priorities
- strengthen the local business voice to inform local decision making and strategic economic planning through the future integration of New Anglia Local Enterprise Partnership
- have a council leader who is directly elected by the public
- raise our influence regionally and nationally, enabling our voice to be better heard by Government to shape future policies and funding decisions for the benefit of our County

2.11. This agreement would be the first step in a process of further devolution and will pave the way for future conversations as part of an ongoing dialogue; with the experience from other devolution areas showing that initial deals can open the door to receiving further powers, funding, and influence.

3. Financial Context – Government Funding

3.1. Collectively the Spending Review 2021, Autumn Budget 2022 and DLUHC Policy Statement provided indications of the medium term financial envelope within which local authorities will operate for 2024-25, but the Final Local Government Finance Settlement 2023-24 itself only set out funding allocations for one year (2023-24). The failure to publish full medium term funding forecasts is disappointing and impacts on the Council's ability to plan over the longer term. The further significant delay to long awaited funding reforms (until at least 2025-26 and potentially later), alongside the absence of any detail at this stage about the likely terms of reference for this funding review, only serves to add further uncertainty to the Council's financial planning and associated forecasts.

3.2. The Chancellor of the Exchequer announced the Government's 2023 Spring Budget on 15 March 2023, but this did not include further significant policy announcements in terms of local government funding, which would impact on the budget position. As such, the Council currently has no concrete information to inform estimates of government funding levels for the 2024-25

Budget planning although the working assumption is that there will be some form of rollover settlement announced for 2024-25.

3.3. Additional social care funding was announced at the Autumn Statement 2022 and confirmed in the Local Government Finance Settlement. The announcements at national level included:

- Delaying charging reform: £1.265 billion in 2023-24 and £1.877 billion in 2024-25 will be distributed to local authorities through the Social Care Grant for adult and children's social care. This is in addition to the existing Social Care Grant. Government is continuing to equalise against the adult social care precept.
- New grant funding: £600 million will be distributed in 2023-24 and £1 billion in 2024-25 through the Better Care Fund to "get people out of hospital on time into care settings, freeing up NHS beds for those who need them." The funding is split 50:50 between the DLUHC Local Government DEL (departmental expenditure limit) and the Department for Health and Social Care DEL.
- New grant funding: £400 million in 2023-24 and £683 million in 2024-25 will be distributed through a grant ringfenced for adult social care which will also help to support capacity and discharge.
- Funding for adult social care retains £162 million per year of Fair Cost of Care funding and its distribution.
- There will be reporting requirements on the new Adult Social Care Grant and the Better Care Fund regarding performance and use of funding to deliver tangible improvements against the following objectives: discharge delays, social care waiting times, low fee rates and workforce pressures in the adult social care sector.

- A subsequent announcement in August 2023 advised of Market Sustainability and Improvement Fund: Workforce Fund, worth £570 million over 2023/24 and 2024/25. In makes extra in-year resource available to further boost capacity, allowing councils to support the adult social care workforce, including on pay. The new funding will be worth an additional £365 million in 2023/24.

3.4. The next fiscal event will be the Autumn Statement 2023. Although this may provide further details of Government planning including an insight into local government funding levels and (potentially) any changes to the council tax referendum threshold for 2024-25, further detail about local authority funding will not be available until the Local Government Provisional Settlement for 2024-25. The outcome of any national funding announcements that have potentially significant impacts on the 2024-25 Budget position will be reported to Cabinet in January as part of 2024-25 Budget setting or to an earlier meeting of Cabinet if necessary.

4. Medium Term Financial Strategy and assumptions

4.1. At the time of setting the Medium Term Financial Strategy in February 2023, the Council adopted the following key assumptions:

- A balanced outturn position for 2022-23 and successful delivery of all existing planned savings proposed and included for 2023-24.
- Government funding rollover into 2024-25, including Settlement Funding (RSG, business rates), Rural Services Delivery Grant, Social Care Grant, Better Care Fund / improved Better Care Fund, Public Health Grant and the "2023-24 Services Grant".
- Cost pressures for 2024-25 including:
  - 4% for pay inflation in 2024-25.
  - Price inflation of £12.5m including £7.0m in Adult Social Care and £3.2m Children's Services. It should be noted that the MTFS assumed a material reduction in inflationary pressures compared to the level provided for in the 2023-24 Budget.
  - Demographic growth pressures including £5.5m relating to Adults demographic growth, £9.5m Children's Services demographic growth (including £2.5m Home to School transport pressures), and £2.0m relating to waste tonnages.
  - £25m held centrally as provision for anticipated service growth in 2024-25.
  - Assumed increases in council tax of 4.99% in 2024-25 including 2.00% for the Adult Social Care precept.

4.2. A number of these assumptions now need to be revisited as described more fully in section 8 of this report. The gap based on these assumptions reflected:

Table 2: Updated Medium Term Financial Strategy 2024-25 to 2027-28

	2024-25	2025-26	2026-27	2027-28	Total
	£m	£m	£m	£m	£m
Growth Pressures					
Economic and inflationary	25.471	22.737	23.293	24.495	**95.996**
Legislative requirements	6.760	-0.200	0.000	0.000	**6.560**
Demand and demographic	42.150	37.150	37.010	11.000	**172.310**
Policy decisions	0.776	-1.543	2.078	0.000	**1.311**
Funding decreases	0.628	0.000	0.000	0.000	**0.628**
Savings and funding increases					
Identified savings	6.197	-0.669	-2.285	0.000	**3.243**
Funding increases	-8.352	0.000	0.000	0.000	**-8.352**
Council tax changes	-27.414	-20.949	-16.316	-16.807	**-81.486**
Forecast Gap (Surplus)/Deficit	**46.216**	**36.526**	**43.781**	**18.689**	**145.212**

4.3. The MTFS includes substantial existing savings to be delivered of £59.703m for 2023-24, and any non-delivery will need to be addressed in 2024-25. For 2024-25, the MTFS also assumes the reversal of one-off savings from 2023-24 resulting in an overall pressure of £6.197m from savings brought forward into 2024-25 planning. These break down as shown in the table below. New proposals set out in this report are in addition to these existing savings assumptions.

Table 3: Existing MTFS savings planned for 2023-24 to 2026-27 by Department

	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m	2023-27 £m
Adult Social Services	-28.040	2.700	-2.500	-2.000	**-29.840**
Children's Services	-12.517	0.088	0.050	0.000	**-12.379**
Community and Environmental Services	-10.904	2.819	0.570	-0.045	**-7.560**
Strategy and Transformation	-2.542	0.050	1.571	0.000	**-0.921**
Finance	-5.700	0.540	-0.360	-0.240	**-5.760**
Savings total	**-59.703**	**6.197**	**-0.669**	**-2.285**	**-56.460**

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, reflecting the wider uncertainty about local authority finances, the lack of government funding announcements, and the need for updated forecasts for local income streams including council tax and business rates.

4.5. It is nevertheless important to note that as at October 2023, further significant revenue budget pressures are beginning to emerge in relation to items such as pay and price market pressures in Adult and Children's Services, pressures from the Fire and Rescue Service including the Fire pay award, inflationary pressures in areas like Highways Winter Maintenance, and interest payable costs. Further details of these are provided in Section 8. The cost pressures position will continue to be kept under review as the budget process progresses, however there is likely to be no residual budget from the £25m held centrally as provision for anticipated service growth to contribute to closing the 2024-25 budget gap. This overall position reflects the fact that fundamentally local authorities continue to face a growing shortfall between funding and service pressures, which is caused in large part by a combination of inflation, demographic changes, unfunded burdens, policy decisions, and the needs of vulnerable social care users becoming increasingly complex. The detailed allocation of the £25m to meet identified service pressures is underway as part of the budget setting process and will be reported to Cabinet in January 2024.

5. New proposals for Cabinet consideration October 2023

5.1. Work has been undertaken over the summer in order to develop savings proposals to contribute to closing the 2024-25 Budget gap. These new proposals total £26.485m and are summarised in the table below.

Table 4: New saving proposals summarised by Department

	2024-25 £m	**2025-26 £m**	**2026-27 £m**	**2027-28 £m**	**Total £m**
Adult Social Services	-14.228	0.500	-2.900	-3.100	-19.728
Children's Services	-4.842	-5.769	-7.449	-5.703	-23.763
Community and Environmental Services	-5.505	-2.158	2.205	0.380	-5.078
Strategy and Transformation	-0.910	-0.010	0.000	0.000	-0.920
Finance	-1.000	0.000	0.000	0.000	-1.000
	-26.485	**-7.437**	**-8.144**	**-8.423**	**-50.489**

5.2. The following table provides further details of these proposals which are recommended for inclusion in the 2024-25 Budget planning, subject to the outcomes of EQIA and public consultation, which will collectively inform Cabinet's recommendations on the full Budget package in January 2024, and Full Council decision-making on the Budget in February 2024.

Table 5: Detailed Budget savings proposals 2024-25

Dept	Saving Proposal	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	Total £m
S2425ASS001	Review contracts providing respite for adults with learning disabilities and identify a more cost effective and efficient way of delivering this service.	-0.250	-0.250			**-0.500**
S2425ASS002	Shifting our payments for 1:1 care in Residential Care to being based on actual delivery rather than commitment basis	-0.100				**-0.100**
S2425ASS003	Reduction in budget for a historic pension scheme based on people exiting the scheme over time.	-0.050				**-0.050**
S2425ASS004	One-off release of reserves to offset budget pressures.	-3.000	3.000			**0.000**
S2425ASS005	Plans to build 2,800 units of extra care housing for older adults. This proposal is aimed at increasing independence and making savings by reducing demand for residential care.	1.100	-1.000	-1.700	-2.000	**-3.600**
S2425ASS006	Plans to provide 183 units of supported housing for young adults. This proposal is aimed at increasing independence and making savings by reducing demand for residential care.	-0.500	-1.100	-1.200	-1.100	**-3.900**
S2425ASS007	Supporting more people through an enhanced reablement service that prevents, reduces and delays the need for ongoing care	-1.500				**-1.500**
S2425ASS008	Reduce purchasing of short-term residential care, by focusing on more independent outcomes following hospital discharge.	-1.000				**-1.000**

Dept	Saving Proposal	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	Total £m
S2425ASS009	A programme of work based on data designed to support people earlier and connect them to services and support in their communities. The saving would be from prevention and early intervention (Connecting Communities additionality)	-4.000				**-4.000**
S2425ASS010	Expand the Falls Pilot to promote prevention and early intervention with a larger cohort of people at risk of falls.	-0.050	-0.150			**-0.200**
S2425ASS011	Investment in additional staffing to promote earlier intervention and maximise independence amongst young people with additional needs.	-0.250				**-0.250**
S2425ASS012	Use grant funding to replace NCC budget.	-2.128				**-2.128**
S2425ASS013	Potential use of additional reserves, including Public Health reserves.	-1.000	1.000			**0.000**
S2425ASS014	Use digital technology to streamline services and make productivity and efficiency savings across priority areas for Adult Social Care.	-1.000				**-1.000**
S2425ASS016	Delivering improved choice and independent outcomes for those with Mental Health needs.	-0.500	-1.000			**-1.500**
S2425CS001	Prevention, early intervention and effective social care - helping families stay together and ensuring fewer children in care: Reducing demand for social care intervention through earlier help and prevention.	-0.642	-1.285	-1.285	-1.285	**-4.497**
S2425CS002	Prevention, early intervention and effective social care - helping families stay together and ensuring fewer children in care: New Roads approach to help children		-0.125	-0.250	-0.500	**-0.875**

Dept	Saving Proposal	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	Total £m
	and young people with neurodevelopmental disabilities and enable them to remain living within their families.					
S2425CS003	Transforming the Care Market and creating the capacity that we need: Expansion of in-house fostering capacity through a whole-Council and whole-County focus on carer recruitment and retention, ensuring we have sufficient foster carers to avoid the use of other, more costly, care arrangements where they do not provide better outcomes.	-0.378	-1.611	-1.546	-0.783	**-4.318**
S2425CS004	Transforming the Care Market and creating the capacity that we need: Reshaping our in-house residential care provision to successfully support the highest needs young people and to support positive 'move on' to family-based care as early as possible	-1.067	-0.973	-1.043	-0.210	**-3.293**
S2425CS005	Inclusion: More primary aged children with SEND can travel independently by adapting the Travel Independence Travel Across Nation (TITAN) programme.	-0.125	-0.125	-0.125	-0.125	**-0.500**
S2425CS006	Inclusion: Ongoing focus on efficient delivery of Home to School Transport through maximising travel independence wherever appropriate and possible.	-0.250	-0.100	-0.100		**-0.450**
S2425CS007	Local First Inclusion: Creation of additional specialist provision closer to home resulting in children needing to travel less far	-0.750	-0.500	-0.500	-0.500	**-2.250**
S2425CS008	Local First Inclusion: More children supported in mainstream schools preventing the need to travel to specialist schools.		-1.550	-2.300	-2.300	**-6.150**

Dept	Saving Proposal	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	Total £m
S2425CS009	Ongoing focus on efficient commissioning of complex care placements.	-0.100				**-0.100**
S2425CS010	Efficient commissioning of clinical training required for some families. Training delivered in partnership with Norfolk Community Health & Care (NCH&C).	-0.030				**-0.030**
S2425CS011	Reshaping our system support for learning and education aligned to the evolving role of the local authority and creation of a self-improving education system	-0.375	-0.375	-0.175		**-0.925**
S2425CS012	One-off usage of reserves earmarked to contribute to invest-to-save funding. This saving has a corresponding pressure in 2025-26 ensuring invest-to-save funding continues.	-1.000	1.000			**0.000**
S2425CS013	Prevention, early intervention and effective social care - helping families stay together and ensuring fewer children in care: Reduced social care placement and support costs through improved the timeliness of court decisions.	-0.125	-0.125	-0.125		**-0.375**
S2425CES001	Small scale efficiency improvements within Norfolk Fire and Rescue service (NFRS) that will not affect the front-line service.	-0.040				**-0.040**
S2425CES002	Review the management of the NFRS vehicle maintenance contract currently delivered by Norse to ensure best value.		-0.200			**-0.200**
S2425CES004	Reintroduce overdue charges for adults in libraries (charges were suspended during the Covid 19 pandemic).	-0.045				**-0.045**

Dept	Saving Proposal	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	Total £m
S2425CES005	Remove vacant Open Library Manager post (0.5fte).	-0.015				**-0.015**
S2425CES006	To capitalise a portion of the Executive Director post salary - 20% (to be funded from existing capital allocation).	-0.040				**-0.040**
S2425CES007	Remove vacant post from within the Business Support Operations team.	-0.025				**-0.025**
S2425CES008	Enable digital fund raising online for our libraries.	-0.020				**-0.020**
S2425CES009	Review highway fees and compare to those charged by neighbouring authorities, then introduce new or reviewed fees, where possible, for external customers.	-0.050	-0.025	-0.025		**-0.100**
S2425CES010	Review design recharge fees (BCIS 10% increase in rates from 1/4/23) and benchmark against neighbouring authorities. Introduce new or reviewed fees where possible for internal and external customers.	-0.200	-0.150	-0.150		**-0.500**
S2425CES011	Capitalise £0.050m of the £1.5m revenue budget from the Flood Reserve Fund. Currently £0.5m is capitalised annually.	-0.050		0.050		**0.000**
S2425CES012	Increase capital funding of the Norse Local Management Overhead (LMO) in the same proportions as the split of direct activity between revenue and capital.	-0.100				**-0.100**
S2425CES013	Further increase Area recharge budgets.	-0.100				**-0.100**
S2425CES014	Freeze third party delegated grass cutting rate as it received 13.4% this year. Move away from RPI increase for new applicants.	-0.030				**-0.030**

Dept	Saving Proposal	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	Total £m
S2425CES015	Review the level of permits NCC process in line with the permit scheme and ensure full cost recovery.	-0.250	-0.100	-0.050		**-0.400**
S2425CES016	Waste and recycling levels have reduced following the increase during Covid 19 due to the effects of behaviour change. A slow down in growth has been observed from Q3 2021-22 which has continued.	-0.500				**-0.500**
S2425CES017	Recycling credits review of assumed growth has allowed for a reduction from what has currently been factored into the medium term financial plan.	-0.275				**-0.275**
S2425CES018	Increase trade waste charges in recycling centres.	-0.030				**-0.030**
S2425CES019	Increased income generated from reuse items sold at recycling centres.	-0.070				**-0.070**
S2425CES020	Income generated by selling some of the materials deposited at recycling centres.	-0.075				**-0.075**
S2425CES021	Pay as you throw annual index price uplift at recycling centres (*will be impacted by proposed new legislation).	-0.030				**-0.030**
S2425CES022	Refine existing approach to trade waste recharges to district councils.	-0.010				**-0.010**
S2425CES023	Introduce charging to internal and external customers for all aspects of Lead Local Flood Authorities advice.	-0.005	-0.005			**-0.010**
S2425CES024	Cease Transport for Norwich advisory committee meetings to achieve a cost saving by reducing time spent preparing, reviewing and publishing reports.	-0.005				**-0.005**
S2425CES025	Explore with South Norfolk District Council and Broadland District Council on whether their restrictions on	-0.045	-0.015			**-0.060**

Dept	Saving Proposal	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	Total £m
	roundabout sponsorship can be lifted to generate additional income.					
S2425CES026	Reduce cleaning specifications across NCC offices (County Hall, Priory and Havenbridge).	-0.100				**-0.100**
S2425CES027	Reduce Grounds maintenance at County Hall.	-0.010				**-0.010**
S2425CES028	Reduction of expenditure with outsourced provider within Corporate Property service.	-0.400				**-0.400**
S2425CES030	Relocation of Havenbridge House staff and functions to former Great Yarmouth library.	-0.200				**-0.200**
S2425CES031	Relocation of Norman House staff to Shrublands.	-0.028				**-0.028**
S2425CES032	Rationalisation of Breckland House occupancy in Thetford.	-0.020				**-0.020**
S2425CES033	Rationalisation of occupancy at Wymondham Gateway.	-0.010				**-0.010**
S2425CES034	Efficiency improvements to reduce cost codes and processing of invoices and recharges.		-0.020			**-0.020**
S2425CES035	Alternative delivery of security / vacant building management.	-0.010				**-0.010**
S2425CES036	Increase income generated from County Farms.	-0.160				**-0.160**
S2425CES038	Defer Environmental Policy revenue budget uplift to 2024-25. Working closely with Suffolk CC on this important programme to enable efficiencies.	-0.150	0.150			**0.000**
S2425CES039	Arts Service - further reduction of the Council's strategic arts grants (Reduction on the Council's ability to lever in	-0.015				**-0.015**

Dept	Saving Proposal	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	Total £m
	substantial external funding from DCMS, Arts Council England, etc.).					
S2425CES040	Further increases in fees income generated by our Planning teams.	-0.018				**-0.018**
S2425CES041	Fundraising and new events income generated by the Norfolk Records Office.	-0.015				**-0.015**
S2425CES042	The 2024-25 business rates pool to contribute in full towards savings. Decision on pooling will be taken in Autumn 2023.		-2.600	2.600		**0.000**
S2425CES043	Utilisation of business rates pool for 2023-24 to fund 2024-25 growth for Local Transport Plan (£0.300m) and Transport for Norwich (£0.200m).	-0.500	0.500			**0.000**
S2425CES044	Holding of vacant posts and delayed recruitment to generate one-off saving within staff costs	-0.070	0.070			**0.000**
S2425CES046	Reduce staff learning and development budget across the department.	-0.015				**-0.015**
S2425CES047	One-off reversal of business as usual budget growth across the Communities, Information and Learning service.	-0.039	0.039			**0.000**
S2425CES048	One-off streetlighting saving which represents the in-year maintenance cost saving for those lights being replaced.	-0.040	0.040			**0.000**
S2425CES049	Increased recharge for Highways Asset & Capital Programme team.	-0.100				**-0.100**

Dept	Saving Proposal	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	Total £m
S2425CES050	Increased use of Commuted Sums for 3 years which are applied to the highways revenue maintenance fund each year to support the maintenance of the highways asset.	-0.300			0.300	**0.000**
S2425CES052	Moving Traffic Offences - scheme implementation - Following the government devolving powers, moving traffic offences in Norfolk are now the responsibility of the Council. The scheme will go live this autumn, and following an initial period, the scheme is likely to generate a small income from 24/25. This also includes bus lane enforcement transferred from the City Council in 2023.	-0.050	-0.050			**-0.100**
S2425CES053	Moving Traffic Offences - scheme expansion - Following the government devolving powers, moving traffic offences in Norfolk are now the responsibility of the Council. The scheme will go live in autumn 2023, and there is the option of adding more sites for enforcement in 24/25 and then in subsequent years. This represents the projected income from this scheme.		-0.100	-0.050		**-0.150**
S2425CES054	A series of new on-street electric vehicle charging points will go live in Norwich in 23/24. This contract has an income revenue share with the Council.	-0.020	-0.020			**-0.040**
S2425CES055	The Council's premium for its annual insurance policy within Highways has recently reduced. This figure represents the current annual saving.	-0.150				**-0.150**
S2425CES056	Civil Parking Enforcement - Further increased income and reprofiling as more on-street parking schemes are rolled out	-0.100	-0.302	-0.300	0.100	**-0.602**
S2425CES057	One-off use of Highways and Transport reserves	-0.250	0.250			**0.000**

Dept	Saving Proposal	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	Total £m
S2425CES058	One-off use of Waste reserves	-0.250	0.250			**0.000**
S2425CES062	Increased income to the Council from road closure applications	-0.150		0.150		**0.000**
S2425CES064	Planning - additional fee income from reviewing the approach to planning applications and internal development work	-0.025				**-0.025**
S2425CES065	Reduce Local Transport Plan growth bid	-0.120	0.120			**0.000**
S2425CES066	Use of Reserves - Utilise reserves from Kickstart programme (now closed)	-0.030	0.030			**0.000**
S2425CES067	Increase fees charged to developers for Section 38 road adoption agreements.	-0.050				**-0.050**
S2425CES068	Align Scottow income budget with most recent actual rental income forecasts	-0.100				**-0.100**
S2425CES069	Further increase rent charged by Scottow over and above the amounts currently factored into the medium term financial plan.		-0.020	-0.020	-0.020	**-0.060**
S2425S&T001	Democratic Services new income stream from citizenship service	-0.010				**-0.010**
S2425S&T002	Insight & Analytics team Strategic Review efficiency savings from restructure	-0.320				**-0.320**
S2425S&T003	HR Strategic Review savings from ending temporary and vacant posts	-0.100				**-0.100**
S2425S&T004	Democratic Services savings from reduction of Chairman’s functions budget and executive assistant support	-0.020	-0.010			**-0.030**

Dept	Saving Proposal	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	Total £m
S2425S&T005	Digital Services to reduce spend on application systems through contract management	-0.360				**-0.360**
S2425S&T006	Digital Services to reduce spend on network services through contract management	-0.100				**-0.100**
S2425FIN001	Review interest receivable budgets for updated cash balance forecasts and interest rates forecast to be achievable 2024-25.	-1.000				**-1.000**
		-26.485	**-7.437**	**-8.144**	**-8.423**	**-50.489**

5.3. All proposals will be subject to consultation and further validation work to ensure that they are fully robust and deliverable prior to being included in the Budget presented to Full Council for consideration in February 2024. At this stage, the following proposal has been identified as requiring specific public consultation:

- Review contracts providing respite for adults with learning disabilities and identify a more cost effective and efficient way of delivering this service

5.4. For the avoidance of doubt, no final decisions on the implementation of proposals will be made until February 2024 when the County Council considers the Cabinet's proposed Budget for 2024-25, including the findings of public consultation and equality impact assessments.

6. Council tax and Adult Social Care precept

6.1. As set out above, the MTFS approved by Full Council in February 2023 assumes a council tax increase of 4.99% (2.99% general council tax and 2.00% Adult Social Care precept). For 2023-24 the Government announced a core council tax referendum principle of 3% and an additional 2% adult social care precept. The Policy Statement also indicates that the same principles will be applied for 2024-25. However the referendum threshold is formally reviewed and set annually, and the Government has not at this stage confirmed the referendum threshold for 2024-25.

6.2. In this context it also remains the case that Government's approach to the funding of local authorities in recent years has been predicated on an assumption that councils will increase council tax by the referendum limit, and that average levels of tax base growth will be experienced. This broad expectation for councils to absorb their own growth pressures has been reiterated in the Plan for Health and Social Care. A decision to increase council tax by less than the referendum threshold therefore results in the Council having lower levels of funding than Government would expect.

6.3. Every 1% change in council tax would equate to approximately £4.9m of additional income (reduced gap) or pressure (increased gap). In the Policy Statement, Government strongly indicated that the referendum threshold for 2024-25 would be maintained at 5%, and this assumption has been used within the Council's budget planning. **The Section 151 Officer anticipates recommending that Members agree a council tax increase of 4.99%, which is within the referendum threshold and will be a key element of setting a balanced 2024-25 Budget and establishing a robust MTFS position.** The level of council tax will therefore be a key part of the 2024-25 Budget setting discussions, and this report recommends that Cabinet seek to retain maximum flexibility by undertaking public consultation on the full range of options currently available for 2024-25. In the event that Government were to increase the threshold above 5%, this would be reviewed in the context of the overall budget position.

6.4. The anticipated pressures and risks within the current budget planning position are significant, and unless these are mitigated by additional savings or material new government funding, the Director of Strategic Finance considers that the Council will have very limited opportunity to vary these assumptions. 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 level of emerging service pressures balanced against the quantum of saving proposals identified to date, and the difficulties experienced in identifying sustainable ongoing savings within some demand-led services;

- the utilisation of reserves and provisions to deliver a balanced monitoring position in the current year, 2023-24;
- consideration of the robustness of the Council's overall 2024-25 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,
- the reliance on one-off measures to support both the current year 2023-24 Budget and in the emerging 2024-25 Budget which will need to be addressed over the MTFS.
- the considerable remaining uncertainty around risks, funding and cost pressures in 2024-25 and beyond.

6.5. The precise final level of any change in council tax remains a matter for Full Council based on the recommendation of Cabinet and as such will be confirmed in February 2024 as part of the annual Member decision making process on the Budget.

7. Impact of the Proposals

7.1. This paper sets out details of progress in the Council's Budget planning process for 2024-25 and in particular includes further saving proposals which are expected to form part of the Council's 2024-25 Budget, subject to consideration of the outcomes of public consultation and EQIA, which this report will initiate. The proposals in this report take into account the fact that significant risks and uncertainties remain. The proposals in this report are therefore intended to:

- provide a robust basis for budget planning and a significant contribution towards closing the budget gap forecast for 2024-25;
- set the context for public consultation on and equality impact assessments of the 2024-25 Budget proposals;
- provide an opportunity for Cabinet to comment on and provide guidance about the departmental saving proposals and emerging pressures;
- provide Cabinet with the latest details about the continuing significant uncertainty around local authority funding (including funding reform);
- provide an update on the risks identified to date for the 2024-25 budget process; and
- determine the next steps which will ultimately contribute to the Council setting a balanced budget for 2024-25.

8. Risks to Budget and MTFS position

8.1. Since the development of the 2023-24 Budget and MTFS in February 2023, a number of further significant risks have emerged which will impact upon both the 2023-24 and 2024-25 budget position. At this point, these have **not** been reflected within Departmental service targets for 2024-25 as they remain subject to significant uncertainty.

8.2. Key risks include:

- **2023-24 forecast outturn** – The monitoring position for 2023-24, reported elsewhere on this agenda, currently indicates a balanced outturn position as at August 2023, period 5. This includes underlying service overspends in part offset by utilisation of reserves and provisions to achieve a balanced outturn. Any service overspends against the 2023-24 Budget will need to be addressed (to the extent it is an ongoing issue) in 2024-25.
- **Reversal of savings** – The extent to which planned 2023-24 savings are delivered in a sustainable ongoing manner will have a material impact on the level of gap that ultimately needs to be addressed for the 2024-25 Budget. Historical trends are that approximately 15% of budgeted savings are not delivered in year as reported to Cabinet at outturn. While many of these relate to timing differences (delay in achieving planned savings), a smaller proportion require reversal each year as part of the budget process. The level of savings in the 2023-24 Budget is materially higher than the trend for previous years, at £59.7m. Reversing 5% of savings would equate to a pressure of approximately £3m.
- **Inflation (pay)** – The employers' latest pay offer for 2023-24 is a flat rate £1,925 increase for employees up to scale L and a 3.88% increase for employees above scale L. This is now assumed to be the minimum outcome and can be broadly accommodated within the provision already made as part of 2023-24 Budget setting. However, any award over this amount would result in a pressure above the amount provided for at the time of setting the 2023-24 Budget and would represent both an in-year (2023-24) issue and an additional pressure to be addressed in 2024-25 Budget setting. There is in addition very significant uncertainty about the adequacy of assumptions about pay increases for 2024-25 onwards (currently 4% assumed in 2024-25 and 3% in future years), which appear potentially insufficient in the context of the wider inflationary pressures being experienced. Every 1% increase in pay inflation assumed equates to a further cost pressure of approximately £3m.
- **Inflation (non-pay)** – The adequacy of assumptions about inflation in the MTFS position need to be re-examined. Inflation in 2023-24 is above the level assumed at the time of Budget setting and remains persistently high. Forecast inflationary pressures for 2024-25 will need to be addressed in budget plans. This will have an impact across a number of budget lines, particularly where contracts are pegged to specific rates (i.e. CPI/RPI at a particular date). Detailed work over the autumn will provide greater clarity about the scale of these pressures but they may well contribute to an increase in the 2024-25 gap.
- **Interest rates** – At its meeting of 21 September 2023, the Bank of England's Monetary Policy Committee held the Bank's base rate at 5.25%, the highest level since February 2008. It appears likely that rates will persist at these higher than usual levels in the short to medium term. Interest payable budget lines will be reviewed throughout the budget setting process, any additional cost of borrowing pressures will need to be addressed in 2024-25 budget setting.

- **Pay and Price Market pressures** – further significant revenue budget pressures are beginning to emerge in relation to items such as pay and price market pressures in Adult and Children's Services. Uplifts are materially driven by wage inflation and wider inflation (measured by proxy via National Living Wage (NLW) and Consumer Price Index). The Government has not yet confirmed what the April 2024 NLW might look like, but if the average increase of the last three years of 7% is seen, additional budget pressures will need to be provided for.
- **Service growth** - At this stage there remains a risk that the £25m set aside for service pressures may be insufficient. This will be kept under review as part of the budget setting process and will be reported to Cabinet in January 2024.
- **Adult Social Care reform** – There are two financially material aspects of the proposed reforms. The first relates to the changing of the policy in regards to what a person may be assessed to contribute towards their care costs. The second aspect relates to the care market and a requirement to undertake a Fair Cost of Care (FCoC) exercise with the production of an interlinked Market Sustainability Plan. Both of these aspects have been delayed by Government until at least October 2025. In addition, the national funding earmarked to fund these elements of reform have been recycled into Social Care for broader purposes. Therefore whilst we continue to work towards the implementation of reform, we await clarity from Government about the financial implications and thus it still remains a significant uncertainty in our budget planning.
- **Dedicated Schools Grant deficit recovery** – During 2022-23, Norfolk worked intensively with the DfE and their appointed financial and Special Educational Needs and Disabilities Advisors as part of the Safety Valve programme to develop DSG recovery plan that would result in Norfolk achieving an in-year balanced budget and enabling the cumulative deficit to be addressed. This resulted in a Safety Valve agreement with the DfE where the DfE will contribute £70m towards the repayment of the cumulative deficit by 2028-29 (first instalment of £28m received at the end of 2022-23) and NCC agreed to make an annual contribution of £5.5m pa that was included in the 2023-24 budget. Norfolk has commenced the implementation of 'Local First Inclusion' which is a complex programme to deliver the DSG recovery plan in line with the Safety Valve agreement covering the period 2023-29, with tri-annual reporting to the DfE. The latest forecast DSG Reserve is based on the latest modelling of the Dedicated Schools Grant (DSG) Recovery Plan after the 2022-23 outturn and early data, including amendments for the timing of opening of new provision previously estimated. An in-year deficit of c. £26.869m is forecast, in £1.721m above the budgeted deficit of £25.149m, which is partially offset by contributions from NCC and DfE in line with the Safety Valve agreement of (£5.5m) and (£6m) respectively. This will increase the DSG Reserve to £61.247m by 31 March 2024 due to the invest to save element of the plan that will deliver significant savings (and subsequently a balanced in-year budget) in future years. It should be noted that this is an early forecast before the new academic year in September when there can be significant changes to placements.

- **Government funding announcements and associated assumptions –**
  - The MTFS has made assumptions about the continuation of certain elements of the 2023-24 funding settlement. If these allocations are not maintained in the 2024-25 settlement, it will further increase the 2024-25 gap position.
  - There remains significant uncertainty about the Fair Funding Review (and more generally) the 2024-25 settlement as described elsewhere in this report. The Fair Funding Review has been repeatedly delayed and is likely to be dependent on the priorities of any new Government following the 2024 General Election. It is quite possible that reforms will not be brought forward until 2026-27. Regardless of progress on Fair Funding, it is unlikely that there will be any certainty about the 2024-25 Provisional Settlement until mid-December at best.
  - There remains considerable uncertainty around the progress and intentions of Government for Adult Social Care grant funding and reform. The MTFS position for 2024-25 assumes an estimated £15m+ of additional Social Care Grant funding in 2024-25 (as indicated, but not confirmed, by the DLUHC Policy Statement published late 2022). Two risks attach to this:
    -The grant funding ultimately allocated may not be at the level forecast.
    - And / or grant funding may be provided with additional duties or responsibilities which will require additional (offsetting) growth to be provided withing the Adult Social Care budget. Currently no additional burdens are assumed against this funding.

8.3. The sensitivity analysis shown in the table below provides an indication of the potential impact of some of these changes on the overall Budget position.

Table 6: Sensitivity analysis 2024-25 Budget

Change	Impact £m
Additional income from scope to raise Adult Social Care Precept by further 1%	-4.900
Potential pressure from 2023-24 savings (assuming 15% non-delivery)	9.000
Potential pressure from 2024-25 planned savings feasibility review (assuming 15% unachievable)	4.000
Potential pressure from change in tax base growth +/-1%	+/-4.900
Impact of varying pay award assumptions +/- 1%	+/-3.000

8.4. As set out elsewhere in this report, it is not proposed to amend the budget gap targets at this stage. **It remains critical that further robust, achievable, and recurring saving proposals are brought forward in order to deliver the originally identified target of £46m.** However, although an extremely high level of uncertainty remains, based on the currently available information it is anticipated that the additional pressures emerging (i.e. over and above the existing £46m gap) can be mitigated through a range of measures including further savings, improved business rates income and inflationary funding increases provided in the Local Government Finance Settlement, and other corporate finance options. These are all being explored and will be deployed to the fullest extent possible to support the Council in setting a balanced Budget for 2024-25. Additional certainty will be provided when Government publishes details of 2024-25 funding.

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

9.1. The Director of Strategic Finance 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).

9.2. As a result, these duties require a professional judgement to be made by the Director of Strategic Finance as the officer ultimately responsible for the authority's finances. The Director of Strategic Finance 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 2024.

9.3. At this stage of the budget setting process, and with reference to the new saving proposals developed for 2024-25 and set out in this report, the initial assessment by the Director of Strategic Finance in relation to this duty is that it will be possible to propose a balanced budget for 2024-25, but that further recurrent savings proposals need to be developed to achieve this, and significant uncertainties remain to be addressed through the remainder of the Budget process. This reflects the following key considerations and assumptions:

- The new savings proposals developed to date for 2024-25 establish a solid foundation for the development of a robust budget, but a number of key risks remain and the ability to identify savings is becoming increasingly challenging.
- The current monitoring position for 2023-24 is forecast to achieve a balanced position by the end of the financial year.
- Forecasts from District Councils for locally retained income from council tax (the tax base and collection fund position) and business rates have not yet been received.
- Contingent on the details of the Local Government Finance Settlement and without additional deliverable, recurrent savings, the Director of Strategic Finance expects to recommend that a sustainable Medium Term

Financial Strategy will require an increase in line with the maximum referendum threshold for council tax and the Adult Social Care precept.

- Significant risks remain around the scale of the likely gap for 2025-26 and future years, subject to the level of one-off options required to balance the 2024-25 budget.
- The assessment of the robustness of the Budget remains highly sensitive to the detail of Government decisions about funding to be made at any fiscal events through the remainder of the year and also the Local Government Finance Settlement for 2024-25, expected in December 2023.

9.4. 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 2024 where they are shown to be appropriate and unavoidable. Details of some of these pressures and risks are set out in the preceding section of the report.

9.5. Taking the above into account, the Director of Strategic Finance's current advice is that the Council needs to continue to develop the 2024-25 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 2024-25 to meet the original target of £46m set out in June 2023. This will need to be undertaken over the course of the next few months and reported to Cabinet in January 2024. The overall Budget position will be kept under review as budget planning continues through the remainder of the year. As part of setting the 2024-25 Budget, the Director of Strategic Finance 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, other areas of risk including the wider economic climate, and the Council's wider value for money position.

9.6. The Council closely monitors developments across local government finance and takes account of the financial issues being reported by other authorities. At this stage, the Director of Strategic Finance's judgement is that the specific problems identified by those councils which have issued s114s to date are not replicated in Norfolk, as they relate to particular local issues for those authorities including equal pay, commercial activities, excessive levels of borrowing, or a failure to set robust budgets. However the recent spate of section 114 notices serves to highlight that there is an underlying fragility and lack of financial resilience within the wider local government sector; in other words whereas in the past councils were in a position to "weather the storm" it now takes only one or two external shocks to destabilise even well run authorities. The County Council is not immune to this overall decline in financial resilience across the whole local government sector, and continues to face significant financial and service delivery pressures and risks across all services, as set out elsewhere in this report. It is therefore critical to continue to work with partners across the sector to lobby Government for adequate and sustainable levels of funding for local government as a whole, while simultaneously pushing for a fair share of that funding for Norfolk.

9.7. As in previous years, the 2024-25 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 January Cabinet Budget report.

10. Next steps and approach to addressing the remaining gap

10.1. The overarching timetable for 2024-25 as agreed by Cabinet in June is reproduced at Appendix 1 of this report. The Council will be undertaking a further round of Budget Challenge in December to enable and inform a full suite of budget proposals to be presented to Cabinet in January 2024.

10.2. If the proposals identified in this report, totalling £26.485m, are incorporated into the budget planning process, there remains a forecast gap of approximately £20m to be addressed. Further measures to contribute to the development of a balanced budget for 2024-25 are expected to be brought forward under the following key areas:

- Ongoing scrutiny of budget pressures within 2024-25 budget planning
- Government funding announcements including the Local Government Finance Settlement and council tax referendum thresholds for 2024-25
- Review of forecast business rates income budgets
- Corporate finance options
- Third round of Budget Challenge in December 2023, to provide an opportunity to review additional specific savings proposals brought forward by services.

10.3. In the event that the next phases of the budget process fail to yield the required level of (ongoing) savings proposals, then through the autumn and winter further work will be necessary to enable the preparation of a balanced budget. This would require a range of activities including, but not limited to, the following:

- Identification of significant capital receipts that can be used to fund transformation work and/or reduce borrowing costs.
- A further material reduction in the future capital programme.
- A review of all non-essential expenditure.

10.4. The Government has not yet definitively confirmed the council tax referendum principles for 2024-25, including whether there will be a continuation of the adult social care (ASC) precept beyond 2024-25. The Council's current planning assumes a council tax increase of 4.99% including 2% for the ASC precept. Government will confirm the council tax referendum principles alongside the Local Government Finance Settlement, taking into account cost pressures and the overall Local Government funding package later in the year. In the event that Government allows increased flexibility for 2024-25, the Section 151 officer will consider any recommendations on the level of council tax in the context of the ability to deliver a robust and sustainable budget.

11. Proposed consultation process for 2024-25 budget

11.1. The Medium Term Financial Strategy for 2024-25 agreed in February 2023 assumed that core council tax will increase overall by 2.99%, and that the Adult Social Care precept will be increased by 2% (these referendum thresholds have not yet been confirmed for 2024-25). The report also set out that if the referendum threshold were increased in the period 2024-25 to 2026-27, 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.

11.2. The Government has not yet announced the referendum thresholds for 2024-25 onwards. These may be confirmed either within any technical consultation on local government funding, at a fiscal event, or as part of the Provisional Settlement. Government has historically assumed that councils will raise the maximum council tax available to them. In light of the overall financial position and pressures facing the Council, it is proposed to consult the public to understand views about a total council tax and adult social care increase of 4.99% (as per MTFS assumptions), in order to support Member decision making in February 2024. 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.

11.3. We will publish our budget consultation, including details of all new saving proposals for 2024-25 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.

11.4. 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.

11.5. Our consultation will take place in the autumn. Consultation feedback on both budget proposals and council tax will be available for Cabinet in January 2024 and Full Council in February 2024. We will make extra effort to find out the views of people who may be affected by our proposals, including people with protected characteristics.

11.6. We will also report on the findings of the equality impact assessments we are undertaking. For information about this please see Section 17.

12. Evidence and Reasons for Decision

12.1. After more than ten years of savings identification and delivery, and in the face of both continuing significant financial pressures and Government plans for funding reform, it is essential that the Council has a robust approach to budget setting and the identification of saving proposals. Simultaneously, it is critical to continue to engage with Government, MPs and other stakeholders to campaign for adequate and sustainable funding for Norfolk to enable the delivery of vital services to residents, businesses and visitors. In the context of economic uncertainty and in the absence of funding reform, it remains imperative that Government issues guidance on the direction of travel for reform, financial planning assumptions, and confirms funding allocations for 2024-25, as soon as possible.

12.2. In view of the size of the gap forecast for 2024-25, there remains a risk that the Council will be obliged to consider reductions in service levels. As such it was important for the process of developing savings proposals to have been undertaken as soon as possible to support robust engagement and public consultation. The Council's planning within the MTFS forecast is based on the position agreed in February 2023 and it is important to note that this will be kept under review throughout the remainder of the 2024-25 Budget setting process, particularly in the event that further information about funding or cost pressures becomes available. The proposals in this report do not close the entire budget gap faced by the Council for 2024-25, but they do establish a robust foundation for the Council to build on in order to develop a deliverable and balanced Budget for 2024-25.

13. Alternative Options

13.1. This report forms part of the framework for developing detailed saving proposals for 2024-25 and at this stage no proposals have been agreed, meaning that a range of alternative options remain open. Cabinet has the opportunity to comment on the proposals now, and will have further scope to consider them (informed by public consultation and EQIA) when making final Budget recommendations to Full Council in January 2024 (for the Full Council meeting in February 2024).

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

- Adopting an alternative allocation of targets between directorates / services, or retaining a 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.
- Establishing an alternative approach to identifying savings.
- Changing assumptions within the MTFS (including the level of council tax) and therefore varying the level of savings sought.

13.3. The planning context for the Council will be updated if further information becomes available. Final decisions about the overall shape of the 2024-25 Budget, savings, and council tax will not be made until Full Council in February 2024, 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.

13.4. 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 January 2024.

14. Financial Implications

14.1. Financial implications are discussed throughout this report, which sets out in particular the proposed savings which have been identified by each department to contribute to closing the 2024-25 and future year budget gap, subject to formal approval by Full Council in February 2024. It should be noted that even if all the proposals detailed in this report were to be approved, the scale of the gap is such that services will be required to identify further significant savings to be delivered against current budget levels. However, simultaneously it appears to be increasingly difficult to identify savings within statutory demand led services, and this represents a major challenge. The scope to achieve savings at the level required may also be limited by a range of factors including the impact of the cost of living on cost pressures, service delivery expectations, existing saving programmes, and the legacy of COVID-19.

14.2. 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.

14.3. The scale of the budget gap and savings required are such that if the Council is required to deliver savings at this level there is a risk that this could result in the Council failing to fulfil its statutory responsibilities. As such the Government's response and decisions about Council funding in 2024-25 will be hugely significant. 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. Government has hitherto failed to deliver the comprehensive adjustment needed in terms of the recognition of the importance and costs of providing social care, and to adequately fund local authorities to provide these and other vital services. Fundamentally there is a need for a larger quantum of funding to be provided to local government to deliver a sustainable level of funding for future years.

14.4. Major uncertainty remains about the prospects for funding reform. There is a risk that this could see resources shifted away from shire counties, in which event the Council's forecast 2024-25 gap could increase. At this point, Government has not confirmed details of the proposed approach or timescales for consultation on funding reform, although there are indications that this will not be taken forward in a way which delivers substantial funding changes and may not happen until 2026-27 at the earliest. The 2024-25 MTFS position assumes that a number of funding streams will be rolled forward from 2023-24. These assumptions remain to be confirmed and should be considered a key area of risk.

14.5. As a result of the above, the budget setting process and savings targets will be kept under review as budget planning progresses. In the event that additional budget pressures for 2024-25 emerge through budget planning, there may be a requirement to revisit the indicative saving targets.

15. Resource Implications

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

15.2. **Property:** The report includes saving proposals related to declaring surplus and ultimately disposing of sites. Services currently delivered from these sites will need to be relocated and delivered from alternative sites within the County Council's property estate. There are no other 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.

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

16. Other Implications

16.1. **Legal Implications:** This report is part of a process that will enable the Council to set a balanced budget for 2024-25 in line with statutory requirements, including those relating to setting council tax, and undertaking public consultation.

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

16.3. **Equality Impact Assessment (EqIA) (this must be included)**: See section 17 below.

16.4. **Data Protection Impact Assessments (DPIA):** N/a

16.5. **Health and Safety implications (where appropriate):** N/a

16.6. **Sustainability implications (where appropriate):** There are no direct sustainability implications arising from this report although the financial implications of climate change are considerable. Existing 2023-24 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 and further details were set out in the *Net Zero and Natural Norfolk Progress Update* previously considered by Cabinet.

16.7. Since 2023-24 Budget setting, in May 2023, Cabinet approved the recommendation to develop a Funding Blueprint for the Climate Strategy. This will set out funding options for delivering the strategy. The blueprint is under development by officers and will be brought to Infrastructure and Development Select Committee for review in 2024.

16.8. In June 2023, Cabinet approved recommendations relating to "Delivering Norfolk County Council's Net Zero Pledge: Retrofitting our buildings" and initial cost implications have been incorporated into the Capital Programme. Also in June, Norfolk County Council's Climate Strategy was launched, setting out a comprehensive framework for how the council can best direct its powers, resources and influence in support of Norfolk's journey towards a clean and resilient future in the face of climate change.

16.9. Details of financial implications of these are set out within the associated reports, and the wider budgetary implications of all of these will need to be considered for 2024-25, alongside further sustainability issues. Any associated financial implications in relation to either new 2024-25 proposals, or activities developed during 2023-24, will need to be fully considered once such initiatives are finalised, and ultimately as part of budget setting in February 2024.

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

17. Equality Impact Assessment (EqIA)

Introduction

17.1. Local authorities are required by the Equality Act 2010 to give 'due regard' to the Public Sector Equality Duty when exercising public functions.

17.2. This means giving 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[3].

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

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

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

- The development of the proposals are compliant with the Equality Act 2010
- Information about the proposals is accessible
- Arrangements for public consultation are inclusive and accessible.

17.6. Following confirmation (or any changes made) by the Cabinet at this October meeting that the proposals will be taken forward for budget planning for 2024-25, further analysis in the form of equality impact assessments will take place of each proposal, to consider the impact on people with protected characteristics.

[3] The full Equality Act 2021 is available on legislation.gov.uk.

17.7. Equality impact assessments cannot be completed until public consultation is concluded. This is because the Council must ensure that it has fully understood the impact of each proposal.

17.8. The findings of equality impact assessments will be published for consideration by the Cabinet in the Strategic and Financial Planning 2024-25 report of January 2024, and in advance of the final decision by the Full Council about the overall Budget in February 2024.

18. Risk Implications/Assessment

18.1. A number of significant risks have been identified throughout this report. Risks in respect of the MTFS were also set out within the February 2023 report to Full Council. Uncertainties continue to remain which could have an impact on the overall scale of the budget gap to be addressed in 2024-25. These include:

- The significant impacts of the "cost of living" crisis, exceptional inflationary pressures and the wider impact of the invasion of Ukraine on the economy. All of these have the potential to drive additional cost pressures (either through increased demand for services, or as a result of the increased price of delivering service provision) and may also lead to reductions in overall income due to the wider economic impacts. In particular it is important to note that the MTFS approved by Full Council did not provide for the current high levels of inflation which are expected to persist through the remainder of the financial year. These inflationary pressures have the potential to impact on the Council's budget in a range of ways:
    - Pay pressures in excess of the 4% provided for in the Council's planning assumptions.
    - Pressures associated with increase in the National Living Wage (NLW), particularly in relation to services contracted by the Council. This has a material impact on any services commissioned whereby staff, typically care workers, are paid at, or just above, the NLW. In particular, the £400m of care services purchased by Adult Social Care, and increasingly services commissioned by Children's Services. In addition, Children's Services are seeing an impact upon some in-house services. In April 2023 the NLW increased from £9.50 to £10.42, an increase of £0.92 or 9.7%. We currently estimate the 2024 NLW rate required to meet this target to be in the range £10.90 to £11.43, with a central estimate of £11.16. for 2024.[4] The government remains committed to the 2024 target, but if the economic evidence warrants it, the Low Pay Commission should advise the government to adjust the target. This emergency

[4]https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1147845/The_National_Minimum_Wage_in_2023.pdf

brake will ensure that the lowest-paid workers continue to see pay rises without significant risks to their employment prospects.[5]
    - The higher rates of general inflation measures (CPI and RPI) will directly impact on the Council's contractual costs which are set with reference to these indicators. Government has indicated that there is limited scope within the existing spending review envelope to address these exceptional inflationary pressures. Forecasts are that inflation will return to the target 2% over the medium term but this implies a permanent increase in the Council's cost base from the current extreme rates (i.e. inflationary pressures are not being taken back out of the system by negative inflation in future).
- Ongoing uncertainty around local government (and wider public sector finances) including:
    - the need for a long term financial settlement for local government. There remains high uncertainty about the levels of funding for 2024-25 and beyond. The Council's budget planning assumes funding will continue at a similar level.
    - It remains of major concern that Government continues to place significant reliance and expectations on locally raised income. If this trend persists, the financial pressures for 2024-25 and beyond may become unsustainable. The Government has not yet announced the council tax referendum limit for 2024-25.
    - There remains a specific risk in relation to longer term reform of local government funding and the planned funding review, in that a failure by the Government to provide adequate resources to fund local authorities could lead to a requirement for further service reductions, particularly where these result in a redistribution between authority types or geographical areas. Changing Government policies around the nature, role, responsibilities and requirements of Local Government may also represent an area of risk, as will changing expectations of the public, taxpayers and service users. The Government has not made any formal announcement about funding reform for some time and this may not be going ahead in the short to medium term.
    - linked to this are risks around delivery of reforms to local government funding including actions to deliver "Levelling Up", the funding review, the detailed implications of Adult Social Care reform, reforms to the Business Rates system, and changes to other funding streams including the New Homes Bonus.
    - In respect of Adult Social Care reform, whilst it has been materially delayed until at least October 2025, the County Councils Network has estimated that Government's proposed reforms lack sufficient funding for implementation, with a shortfall of nearly £10bn compared to Government estimates.[6]

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[5] https://www.gov.uk/government/publications/national-minimum-wage-and-national-living-wage-low-pay-commission-remit-2023/national-living-wage-and-national-minimum-wage-low-pay-commission-remit-2023

[6] https://www.countycouncilsnetwork.org.uk/new-analysis-reveals-the-regional-impact-on-local-councils-of-the-governments-flagship-adult-care-reforms/

- Further decisions about Local Government reorganisation and the progress of the County Deal.
- Risks around the Dedicated Schools Grant (DSG) deficit position and successful implementation of the ‘Local First Inclusion’ plan to eliminate the in-year DSG deficit over the short to medium term.

- Any ongoing impact of COVID-19 on the budget in 2023-24, including in particular:
  - any ongoing cost pressures within service delivery and contracted services which have not currently been provided for;
  - future pressures on income particularly in relation to business rates and council tax; and
  - the implications of any measures implemented by Government to restore the national finances in the medium to longer term.

18.2. 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 – Income streams
- RM006 – Service Delivery
- RM022b – Replacement EU Funding for Economic Growth
- RM031 – NCC Funded Children's Services Overspend
- RM035 – Adverse impact of significant and abnormal levels of inflationary pressure on revenue and capital budgets

18.3. Further details of all corporate risks, including those outlined above, can be found in Appendix B of the October 2023 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.

19. Select Committee comments

19.1. Select Committees provided commentary and input to the 2023-24 Budget process during budget development. Where relevant, any comments from that exercise have been incorporated within the budget setting approach for 2024-25.

19.2. In July 2023, Select Committees therefore again had the opportunity to provide their views about the scope for savings and the implications of 2024-25 budget setting for the service areas within their remit. Select Committees are being invited to consider all of the detailed proposals for 2024-25 in the round when they meet in November, following Cabinet decisions about the complete package of measure to be consulted on as part of this report. Any further comments from Select Committees will therefore be reported to Cabinet later in the budget setting process in order to inform final budget recommendations to Full Council.

20. Recommendations

20.1. Cabinet is recommended:

1. **To consider and comment on the County Council's financial strategy as set out in this report and note that the Budget process is aligned to the overall policy and financial framework;**

2. **To note that fiscal and policy decisions made by the Government in autumn 2023, may have implications for the County Council's budget planning position. The outcome of these national funding announcements, alongside the Local Government Finance Settlement, will have potentially significant impacts on the 2024-25 Budget position, which will not be fully known until later in the budget setting process.**

3. **To consider and agree for planning purposes the latest assessment of significant areas of risk and uncertainty around emerging budget pressures for the 2024-25 Budget and Medium Term Financial Strategy, which remain to be resolved and which may have a material impact on budget planning (section 8).**

4. **To direct Executive Directors to identify proposals for further recurrent Departmental savings towards the original target of £46.200m agreed in June 2023, for consideration by Cabinet in January 2024 and to support final 2024-25 Budget recommendations to Full Council.**

5. **To note that, taking into account the significant budget pressures for 2024-25, the S151 Officer anticipates recommending that the Council will need to apply the maximum council tax increase available in order to set a sustainable balanced budget for 2024-25;**

6. **To note the responsibilities of the Director of Strategic Finance 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 9 and the further actions which may be required to set a balanced budget as set out in paragraph 10.3;**

7. **To consider and agree the proposals as set out in section 5 (Table 5) to be taken forward in budget planning for 2024-25, subject to final decisions about the overall Budget in February 2024, noting the level of savings already included from the 2023-24 Budget process (Table 3);**

8. **To agree that public consultation (as set out in section 11) and equality impact assessment (as set out in section 17) in relation to all other proposals for the 2024-25 Budget be undertaken as set out in section 11, and asking residents for their views on the level of council tax;**

9. **To note that the Chief Executive (Head of Paid Service) has the delegation to undertake any staff consultation relating to specific**

proposals as required to inform and support 2024-25 Budget setting decisions in January 2024;

10. To confirm the remaining next steps in the Budget planning process for 2024-25, and the Budget planning timetable (Appendix 1); and

11. To note and thank Select Committees for their input into the Budget development process for 2024-25 in July, and to invite Select Committees to comment further on the detailed proposals set out in this report when they meet in November 2023 (section 19)

21. Background Papers

21.1. Background papers relevant to this report include:

Norfolk County Council Revenue and Capital Budget 2023-24 to 2026-27, County Council 21/02/2023, agenda item 5

Norfolk County Council 2023-24 Budget Book

Financial and Strategic Planning 2024-25, Cabinet, 05/06/2023, agenda item 16

Finance Monitoring Report 2023-24 P5: August 2023, Cabinet, 02/10/2023 (on this agenda)

Risk Management, Cabinet, 02/10/2023, (on this agenda)

Strategic and Financial Planning reports considered by Select Committees in July 2023 as follows:

- Corporate Select Committee, 10/07/2023
- Infrastructure and Development Select Committee, 12/07/2023
- People and Communities Select Committee, 14/07/2023

Officer Contact

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

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Appendix 1: Budget setting timetable 2024-25

2024-25	Time frame
Cabinet review of the financial planning position for 2024-28 – including formal allocation of targets	5 June 2023
Scrutiny Committee	21 June 2023
Select Committee input to development of 2024-25 Budget – strategy	w/c 10 July 2023
Review of budget pressures and development of budget strategy and detailed savings proposals 2024-28 incorporating: • Budget Challenge 1 (18 July 2023) – context / strategy / approach / outline proposals • Budget Challenge 2 (5 September 2023) – detail and final proposals • Budget Challenge 3 (12 December 2023)	April to December 2023
Cabinet approve final proposals for public consultation	2 October 2023
Scrutiny Committee	18 October 2023
Public consultation on 2024-25 Budget proposals, council tax and adult social care precept	Late October to mid December 2023
Select Committee input to development of 2024-25 Budget – comments on specific proposals	w/c 13 November 2023
Government Autumn Statement	22 November 2023
Provisional Local Government Finance Settlement announced including provisional council tax and precept arrangements	*TBC December 2023*
Cabinet considers outcomes of service and financial planning, EQIA and consultation feedback and agrees revenue budget and capital programme recommendations to County Council	29 January 2024
Confirmation of District Council tax base and Business Rate forecasts	31 January 2024
Final Local Government Finance Settlement	*TBC January / February 2024*
Scrutiny Committee 2024-25 Budget scrutiny	14 February 2024
County Council agrees Medium Term Financial Strategy 2024-25 to 2027-28, revenue budget, capital programme and level of council tax for 2024-25	20 February 2024

Assumed Government activity and timescales – Budget process will be informed through the year by Government announcements on the Local Government Settlement, and any progress on reforms including the Funding Review. As set out elsewhere in the report, the timing for these is currently unknown.

Appendix 2 - Financial Benchmarking

This appendix provides an opportunity for the Committee to consider proposed savings in the context of the benchmarking position.

The County Council has access to various sources of benchmarking, including:

- LG Inform
- CFO Insights (Grant Thornton)
- Society of County Treasurers' benchmarking information
- CIPFAStats+
- Service / sector specific benchmarking and groups

Financial benchmarking also formed part of the Local Authority Data Explorer for the recently launched Office for Local Government (Oflog)[7]. Chief Financial Officers have also used the CIPFA Financial Resilience Index[8], a comparative analytical tool that has been used to support good financial management since 2020.

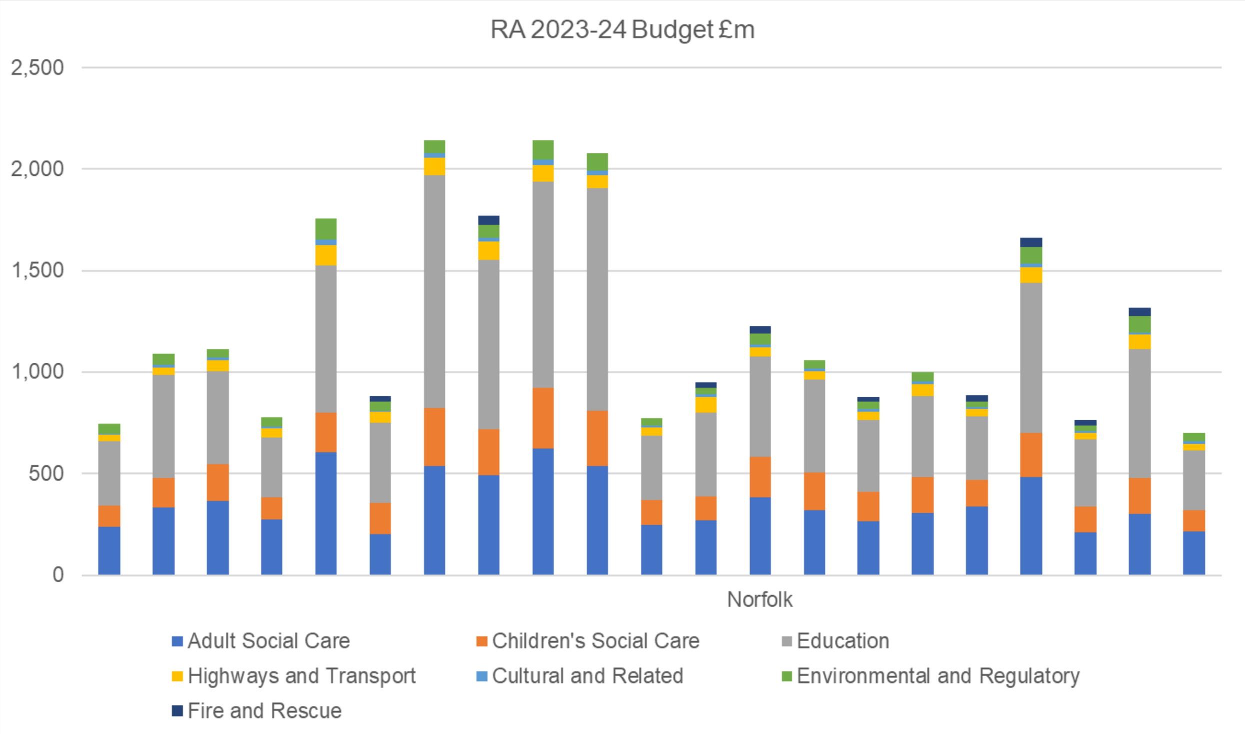
Most of the benchmarking tools draw upon published Government statistical returns, notably the Revenue Account (RA) and Revenue Outturn (RO) returns, which cover budget and outturn actual positions respectively. There is therefore a delay in the availability of this (mainly retrospective) data.

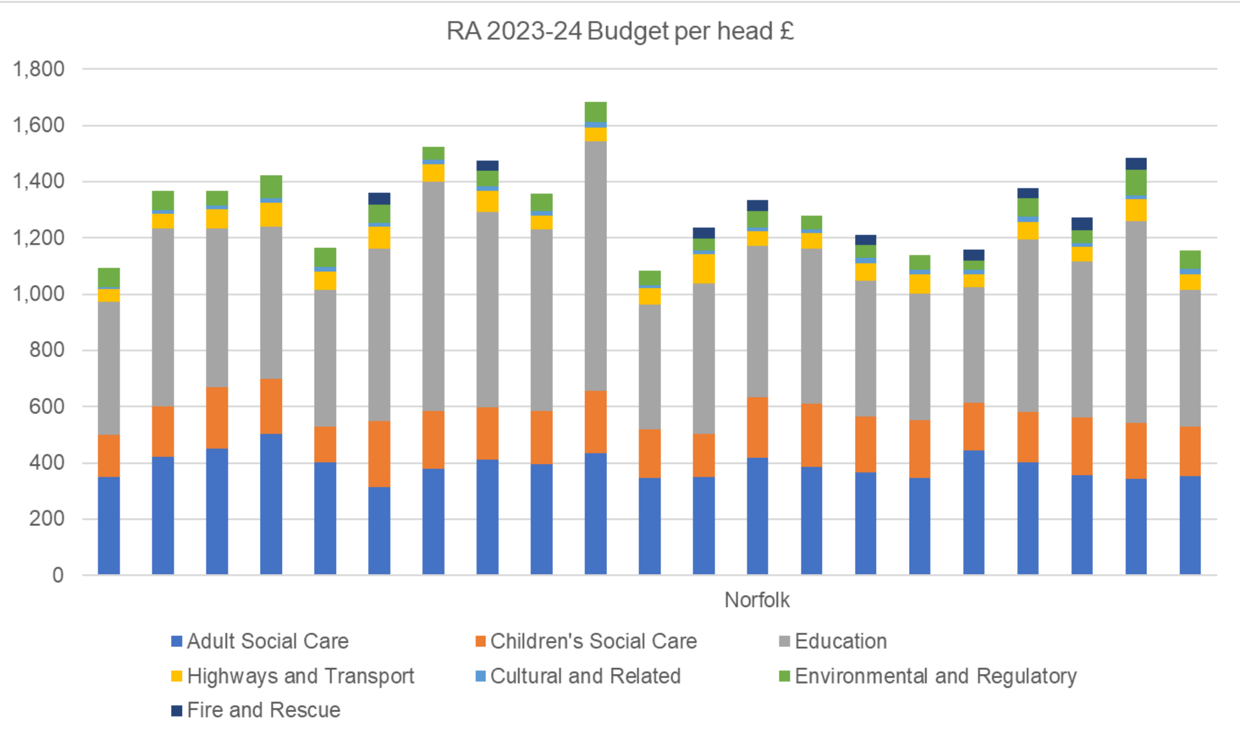
The utilisation of benchmarking of both financial and non-financial information is an important instrument used by the Council in the continued development and evolution of our strategy. Whilst recognising some of its limitations, it provides a useful barometer in understanding our relative performance when compared correctly to those peers who may have similar characteristics to that of Norfolk. Our approach to financial benchmarking has indicated areas of spend whereby Norfolk might be deemed an outlier and therefore challenged us to consider "why". In some instances, the further exploration of the benchmarking, alongside that of non-financial information, has led us to opportunities for future transformation such as our Learning Disabilities budget in Adult Social Care and transformation of fostering rates in Children's Services.

[7] https://www.gov.uk/government/organisations/office-for-local-government
[8] https://www.cipfa.org/services/financial-resilience-index

Council Expenditure

The local authority revenue expenditure and financing returns[9], show Norfolk's departmental spend and spend per head in comparison to other county councils.





[9] https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing

RA 2023-24 Budget per head total population

	Adult Social Care	Children's Social Care	Education	Highways and Transport	Cultural and Related	Environmental and Regulatory	Fire and Rescue*
	£	£	£	£	£	£	£
County A	350	151	471	45	9	69	
County B	421	180	634	50	14	67	
County C	450	221	563	68	13	53	
County D	504	194	541	84	19	80	
County E	402	128	483	66	18	68	
County F	314	234	614	80	11	66	44
County G	380	204	817	60	16	48	
County H	411	187	695	75	17	53	38
County I	395	190	644	51	16	61	
County J	436	220	887	50	19	70	
County K	348	170	444	59	12	52	
County L	350	152	536	104	12	44	38
Norfolk	**418**	**216**	**537**	**52**	**15**	**56**	**39**
County M	387	224	552	54	14	48	
County N	366	198	484	60	19	46	36
County O	346	204	453	69	15	51	
County P	444	171	410	47	14	35	38
County Q	401	181	614	61	18	65	39
County R	355	206	554	53	13	45	46
County S	342	200	717	79	13	90	45
County T	352	177	485	55	19	66	
Average	389	191	578	63	15	59	40

**some County Councils do not have responsibility for the Fire and Rescue Service*

Norfolk spends higher than the county average on Adult Social Care (ASC) and Children's Social Care per head of overall population. Caution should be taken to inferring whether this is "good" or "bad" as the determinants and drivers of the level of spend on both Children's and Adult Social Care are broader than the underlying volume of population. As an example, the propensity to have a need for support by ASC is likely to be impacted by a number of factors including local population health and indicators of relative deprivation, such as employment, education and housing. In addition, as ASC is a means tested service, the relative wealth of the local population is important as to who can access funded services as opposed to wider care and support advice.

This is not to say that population levels are not important, Norfolk has a significant older adults population – 18.4% of the population are over 70 compared to 14.6% and 13.5% in the East of England and in England respectively. This, therefore, means services for our over 65 year old population are high in demand. The Council, through its Promoting Independence Strategy, and, in particular, its Connecting Communities programme, continues to seek to support people at an appropriate time in their lives and build on people's strengths and enable them to maintain connections to their family, friends and local communities. In addition, through our

Independent Living housing programme, we look to support people in the right environments enabling them to be supported safely in a place they can call home.

The above indicates potential drivers of demand, however when considering relative level of spend, we must also consider supply side factors. It is highly likely that wage levels in the delivery of care vary significantly across England. Broadly speaking, the closer to London, the higher the underlying wage for the care workforce. Furthermore, the geographical layout means that delivery of care in a more rural County such as Norfolk, with its areas of sparsity, mean that the supply of workforce can be at a premium, and the distance travelling to deliver care further, meaning that base levels of cost can be higher relative to others.

An inherent weakness in benchmarking of nationally published data is the consistency of application and interpretation. Whilst guidance is followed, there are often areas of spend that are open to interpretation or their accuracy based on the strength of recording within the local authority.

Many of these cautions around benchmarking data and considerations about underlying demographics apply equally to children's social care services. The Norfolk return to the social care spend data capture was very comprehensive incorporating all wider associated spend such as on legal costs, transport, therapeutic support and wider overheads but other LAs may have accounted for these areas of spend in other parts of their return which would be artificially lowering their figures in comparison.

Children's Services in Norfolk have been experiencing unprecedented demand in recent years with the covid pandemic and cost of living challenge putting additional pressure on families and translating into additional demand for social care support. These challenges are seen nationally but will be particularly impacting in a County such as Norfolk with a wide geography, areas of significant deprivation and also rural poverty. Additionally, as with adult services, Norfolk now supports a significant proportion of asylum seeking and separated migrant young people and provides services to support families and children from the Ukraine. These have been significant areas of growing spend which are funded by separate government grants but would still appear in total cost data and again may be impacting the return. A very significant driver of cost will be the epidemic of mental ill health amongst children and families in Norfolk which has knock on effects for local authority budgets. Again this is a national trend but will be particularly impacting in Norfolk where we know that local mental health services have insufficient capacity to fully meet need.

Over a number of years Norfolk has made a deliberate and strategic investment in children and Children's Services. Where previously Norfolk's Social Care Services for children were 'inadequate' this investment has delivered a substantial improvement in quality and outcomes and following a full Ofsted inspection, inspectors have judged the authority as "good" and highlight "exemplary" and "exceptional" areas of practice. The investment at a time of unprecedented pressure will be reflected in the cost base for services but has been necessary to deliver for children.

Staffing Levels

Departmental Budgeted FTE	2020-21	2021-22	2022-23	2023-24
Adult Social Services	1,731	1,851	1,894	1,920
Children's Services	1,964	2,279	2,201	2,342
Community and Environmental Services	1,646	1,773	1,818	1,775
Strategy and Governance / Strategy and Transformation	400	449	431	693
Finance and Commercial Services / Finance	576	590	675	435
	6,316	**6,942**	**7,020**	**7,165**

Staff increases can occur for a number of reasons such as services brought in house, to better manage demand or to better manage external spend which leads to an overall efficiency/saving, to meet demographic pressure on demand for services and supported by inflationary growth in funding.

Increases in the FTE figures include –

Children's Services - Children's Social Care as a result of their transformation programme to change the children and family support model such as implementation of the New Roads multi-disciplinary model, increasing Independent Living Support Workers and the Youth Support Service agreed by the Council and contributing to improved Ofsted outcomes. Increases as part of the Local First Inclusion programme. Increases as a result of moving services back into a direct delivery rather than commissioned model to improve quality and value for money.

Adult Social Services - Creation of a new social care skills and training service funded by the European Social Fund. Investment in enablement services, mental health and social work roles partially funded by Integrated Care Board. Increases in Brokerage Service following Council agreeing investment in the service to support service improvements. Increases to expand the apprenticeships programme. Increases to support hospital discharge and reduce holding lists (grant and recovery funded). Refugee Support services (grant funded).

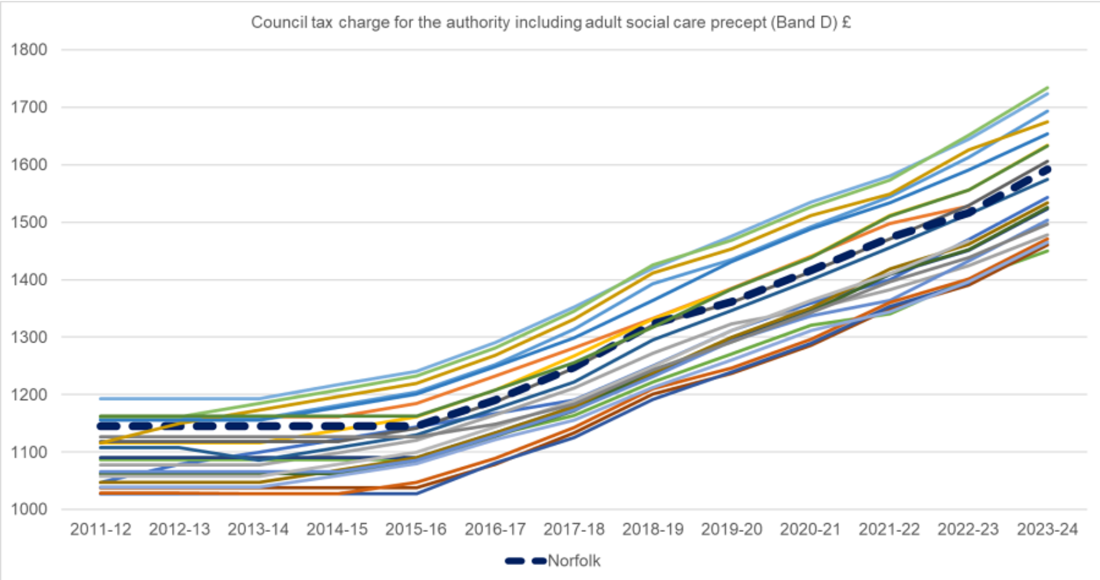
There have been increases in Growth and Development which include externally funded posts and increases in Pension team FTE in Finance which were not included in the 2020-21 figures, but are fully funded from the pension scheme. Staff movement between departments also occurs between years, such as the transfer of Public Health staff to Adults, Property, Procurement and Customer Services staff to CES, and IMT staff to Strategy and Transformation in 2023-24.

To put the staff increases in a financial context, over the period 2020-21 to 2023-24 the Council's gross non-school revenue budget has grown by £277m or 25%. This is reflecting a range of pressures across all services including inflation, demographic growth and legislative changes. This increase has largely been funded by government funding (including social care grants), increases in business rates income, and council tax. Over the same period, the gross non-schools employee expenses budget within this total (including NI, pension contributions etc) has increased by £70m or 24%. Of this increase, circa 14% relates to the NJC pay award over the same period. Therefore, after excluding the impact of the pay award, growth in the FTE establishment has been at a slower pace than the overall growth experienced in the revenue budget. As a percentage of the gross budget, employee expenses have remained fairly static at 26%.

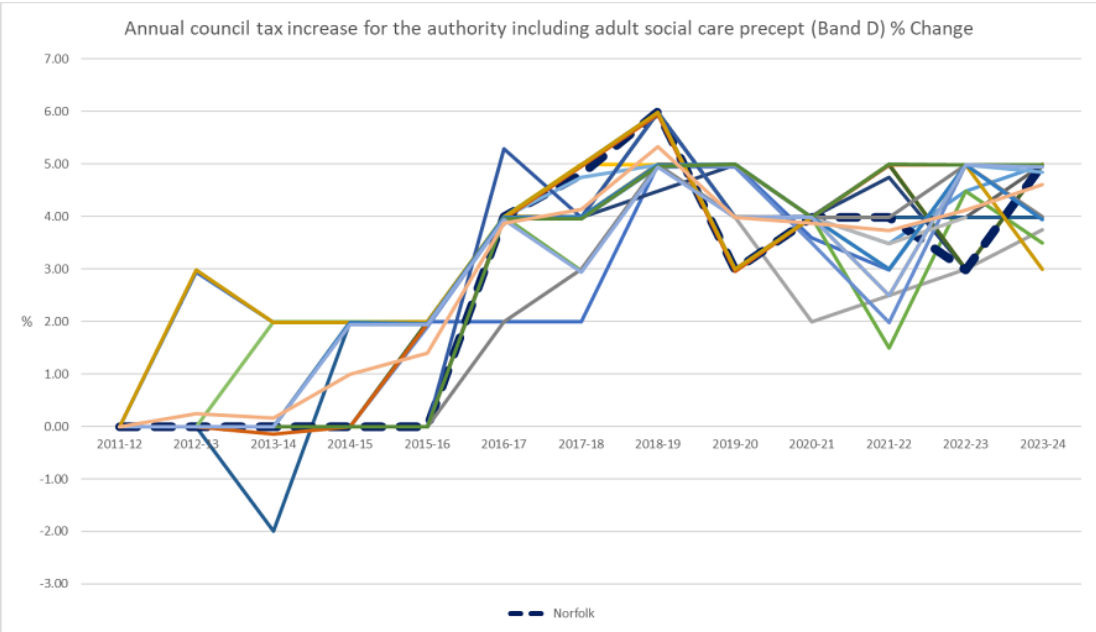
	2020-21 Budget £m	**2023-24 Budget £m**	**Change £m**	**%**
Gross budget excl Schools	1,116.539	1,393.583	277.044	24.81%
Employee expenses (excl Schools)	286.786	356.547	69.762	24.33%
Employee expenses as % total budget	25.69%	25.58%		

Council Tax

Norfolk County Council tax charge ranks 9th highest out of 21 county councils.



The chart below illustrates annual percentage increases in council tax and ASC precept. As NCC opted to freeze council tax between 2011-12 to 2015-16, over the whole period to 2023-24 Norfolk's cumulative council tax increase has been below the shire county average, ranking 18th of the 21 county councils.



Norfolk operates hardship schemes. We have seen minimal impact in council tax collection rates.

The proposed council tax increase of 4.99% for 2024-25 is in line with the maximum referendum-free amount as set out in the government's December 2022 policy statement.

Counties have seen taxbase increases of between 1.0% and 1.7% with a median of 1.4%; for 2023-24. Norfolk's 2023-24 taxbase increase was 1.27%.

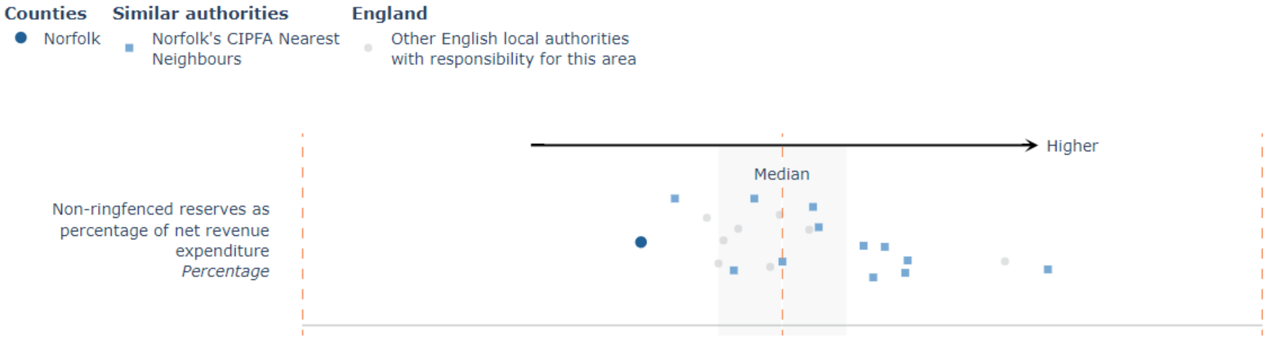
Reserve levels

Norfolk County Council's position shown in Oflog Finance Data Explorer[10], metrics suggests that, when compared to other County Councils, Norfolk holds a comparatively very low level of reserves.

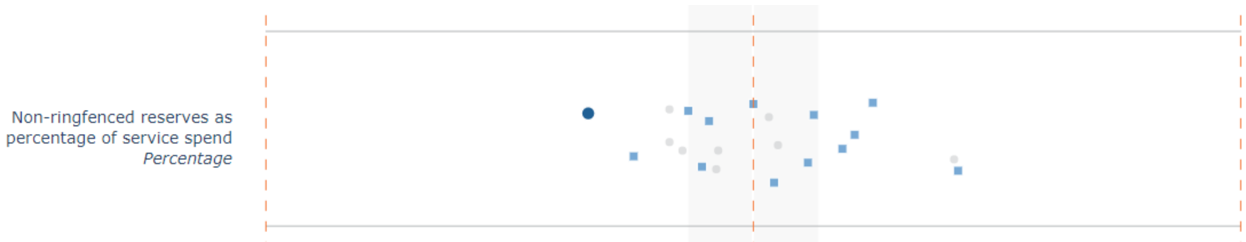
Data table for Counties*

Indicator (click for source data)	Financial year	Norfolk	Median of Norfolk's CIPFA Nearest Neighbours	England median (Counties)
Non-ringfenced reserves as percentage of net revenue expenditure	2021-22	27.0%	50.4%	45.6%
Non-ringfenced reserves as percentage of service spend	2021-22	22.4%	41.9%	39.7%

Finance Metric 1 - Reserves as a percentage of Net Revenue Expenditure



Finance Metric 2 - Reserves as a percentage of service spend



Finance Metric 1 and 2 showed NCC holding the lowest level of reserves as a percentage of net revenue spend and percentage of service spend of all county councils in 2021-22.

10 https://oflog.data.gov.uk/finance?show_selected_la=Show+selected+authorities&show_cipfa_nns=Compare+to+CIPFA+Nearest+Neighbours

The 2022-23 RO returns show reserve levels for County Councils.

	Estimated schools reserves level at 31 March 2023	**Dedicated Schools Grant Adjustment Account and Reserves level at 31 March 2023**	**Estimated public health financial reserves level at 31 March 2023**	**Estimated unallocated financial reserves level at 31 March 2023**	**Other earmarked reserves: contractual commitments at 31 March 2023**	**Other earmarked reserves: planned future revenue and capital spending at 31 March 2023**	**Other earmarked reserves: specific risks at 31 March 2023**	**Other earmarked reserves: budget stabilisation at 31 March 2023**	**Other earmarked reserves: of which at 31 March 2023**	**Total Reserves (non-school, DSG, Public Health) at 31 March 2023**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
County A	43.704	0.000	11.858	68.096	22.009	288.497	176.460	38.068	2.491	**595.621**
County B	81.322	-86.149	10.768	24.998	26.953	358.834	53.779	73.110	0.000	**537.674**
County C	83.065	25.811	21.009	23.437	3.656	121.511	54.845	166.731	16.154	**386.334**
County D	24.205	-14.232	4.603	52.315	3.873	93.972	157.956	75.259	0.000	**383.375**
County E	89.876	12.602	10.024	62.262	10.288	105.361	53.394	26.435	13.323	**271.063**
County F	33.300	-4.775	7.751	32.715	34.325	53.894	89.174	13.511	40.146	**263.765**
County G	23.640	18.285	10.829	35.224	29.837	135.842	41.445	9.833	0.000	**252.181**
County H	49.444	-6.096	0.000	49.071	20.492	32.078	51.270	90.595	0.000	**243.506**
County I	9.115	-30.160	8.428	19.006	0.000	158.504	15.874	39.464	0.000	**232.848**
County J	12.927	0.000	5.898	22.600	0.000	161.000	41.400	0.000	0.000	**225.000**
County K	24.171	-41.855	0.000	20.286	56.660	65.587	15.324	52.037	14.754	**224.648**
County L	13.119	16.028	14.193	16.400	3.876	132.697	7.017	46.921	4.266	**211.177**
County M	20.082	18.582	7.812	9.999	0.000	147.505	30.344	20.500	0.000	**208.348**
County N	23.486	0.000	2.884	23.052	7.693	61.637	19.319	0.000	87.773	**199.474**
County O	20.408	5.553	0.000	45.354	0.000	52.925	36.896	57.271	0.000	**192.446**
County P	15.090	-29.159	7.854	27.348	8.316	82.769	37.766	24.534	0.000	**180.733**
Norfolk	**16.041**	**-45.877**	**9.058**	**24.410**	**7.622**	**65.095**	**26.602**	**0.000**	**44.996**	**168.725**
County Q	20.780	-118.762	12.991	15.981	0.130	69.531	17.233	65.449	0.000	**168.324**
County R	23.488	-20.730	4.070	3.728	9.803	144.147	0.000	0.000	6.921	**164.599**
County S	17.371	-27.738	6.028	74.814	0.000	82.875	0.000	0.000	0.000	**157.689**
County T	4.495	-20.280	9.340	14.336	1.393	8.588	47.815	0.000	72.597	**144.729**

Reserve levels in isolation do not necessarily identify risk. Good financial management can be achieved with relatively low reserves, while high reserves do not always indicate good financial management.

It is the responsibility of the S151 officer to utilise good financial management and decide what is an appropriate level of reserves for recommendation to Members.

Norfolk County Council holds comparatively low levels of reserves for a number of historical reasons, including a general aspiration to avoid holding tax payer funding unnecessarily in reserves. NCC's level of reserves is reviewed annually as part of budget setting. The 2023-24 budget papers included the general principle of seeking to increase general fund balances as part of closing the 2022-23 accounts and that in 2023-24 any further additional resources which become available during the year should be added to the general fund balance wherever possible.

There is an aspiration in the medium term to increase the level of general reserves and to increase the General Fund to maintaining a target balance of at least 5% of the net revenue budget in future years. Overall, in reaching a view on the robustness of the budget, the S151 officer considers the level of reserves to be adequate and the rationale for this is explained in further detail in the budget setting reports to full Council.

Debt and Debt Servicing

The 2022-23 RO and Capital returns show Norfolk as having a relatively high level of gross debt and a higher debt servicing cost compared to other County Councils.

Local authority	Gross debt: as at 31 Mar 2023
	£m
County A	1,311.118
County B	1,024.870
Norfolk	**893.399**
County C	839.559
County D	732.770
County E	686.434
County F	675.517
County G	606.524
County H	591.080
County I	583.634
County J	575.064
County K	552.794
County L	545.258
County M	487.597
County N	475.962
County O	398.265
County P	388.865
County Q	373.914
County R	352.120
County S	338.877
County T	331.975
County U	322.119
County V	282.060
County W	263.069

Local authority	Provision for repayment of principle	Interest: external payments	Total Debt Servicing
	£m	£m	£m
County A	27.155	47.253	74.408
Norfolk	**32.530**	**36.016**	**68.546**
County B	36.136	20.217	56.353
County C	29.153	20.214	49.367
County D	20.062	23.229	43.291
County E	18.613	21.871	40.484
County F	11.564	26.173	37.737
County G	20.246	16.430	36.676
County H	17.055	17.197	34.252
County I	14.748	17.892	32.640
County J	12.879	18.990	31.869
County K	18.477	12.775	31.252
County L	10.503	16.053	26.556
County M	11.360	14.261	25.621
County N	12.393	11.939	24.332
County O	7.977	15.179	23.156
County P	7.967	11.723	19.690
County Q	4.864	14.045	18.909
County R	7.580	9.596	17.176
County S	0.000	16.903	16.903
County T	-6.616	19.308	12.692

The Prudential Code is clear that local authorities should borrow within their means. The Minimum Revenue Provision ensures that there is suitable debt cover. The council’s budget papers include growth pressures for increases in the MRP between 2024-25 and 2026-27.

The council's level of external debt is considered annually as part of the budget setting process and monitored regularly throughout the year. For a number of historical reasons the council's level of external debt is higher than other County Councils in both cash and proportional terms. At a high level, this position reflects the council's overall strategy of investing in strategic infrastructure projects over recent years. The council has in particular taken the opportunity to take fixed borrowing over recent years at historically low rates in order to invest in critical infrastructure. The era of low interest has now come to an end and the Council is responding with a detailed review of its forward Capital Programme to ensure that this remains robust, prudent, and affordable. The level of external debt is considered appropriate, considering the council's strategy and the risks it is exposed to.

Summary

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

- Regularly communicating financial pressures and risks to key stakeholders including to government as part of consultation responses and other lobbying activity.
- Fully engaging with Government, including reporting requirements to identify financial pressures and maximise financial resources available to support Norfolk as a whole.
- Making difficult decisions locally in order to maximise income and minimise cost pressures (for example, raising council tax and the adult social care precept, implementing difficult savings) to do everything in its power to protect its financial position.
- Submitting responses to consultations including the provisional Settlement, to seek to maximise the funding available for rural shire counties.
- Working with District Councils to reach a consensus position to pool business rates in 2024-25 in order to maximise business rates for Norfolk local authorities.
- Providing for budget pressures, while recognising that the system as a whole is not sustainable in the long term and a national funding solution is required.
- Considering and responding as appropriate to the value for money findings of external audit.
- Ongoing budget-setting work to set a robust, balanced budgets, and regular monitoring of the 2023-24 position including capital and treasury management.
- Annually undertaking a risk-based assessment of the level of general balances required and agreeing the Reserves policy.

Corporate Select Committee

Item No: 8

Report Title: The Artificial Intelligence Opportunity

Date of Meeting: 13 November 2023

Responsible Cabinet Member: Cllr Jane James (Cabinet Member for Innovation, Transformation & Performance**)**

Responsible Director: Paul Cracknell, Executive Director of Strategy & Transformation

Executive Summary

Artificial Intelligence, often referred to as **AI** is the ability of computers to perform tasks that normally require human intelligence, such as understanding language, recognising images, making decisions, or solving problems.

Since November 2022 there have been significant steps forward in the technology due to the ability of AI to understand natural language (Large Language Models) such as ChatGPT and its ability to generate original content (Generative AI) which when combined with other technologies provide the ability to use technology in new and innovative ways.

This “Generative AI” can be seen as an evolution of the technology that the council has used for a few years to automate repetitive tasks and assist staff to be more productive. It is also complimentary to the AI that has been used for predictive purposes to enable early intervention, most notably lately in the context of falls prevention.

A number of commercial and public sector organisations are already successfully using AI for tasks ranging from fraud detection to answering customer queries.

We see the use of Artificial Intelligence (AI) as a complimentary technology to assist our staff with administrative activities and decision making, not as an automated replacement for human intervention.

AI also poses some challenges and risks, including ethical, social, and legal issues, as well as potential impacts on privacy, and security. Therefore, it is important to

design and use AI responsibly, with respect for the principles of transparency, accountability, and fairness in developing and deploying AI solutions.

Due to the rapid development of the technology and the potential to improve productivity, we have taken a series of steps to understand the technology and the opportunity it presents. We have introduced a governance board and have published initial guidance for staff to help them use the technology safely. We are also actively trialling some of the technologies so we can learn where it will add the most value.

We propose to continue to proactively evaluate available AI opportunities to improve the quality and efficiency of our staff and services, building on the intelligent automation processes which are already well established across the Council.

Through the AI Governance Board we will assess any new approaches to ensure risks such as data security or decision-making accuracy are fully understood.

This report gives an update on the progress made to date and the plans for the coming year.

Recommendations:

The Select Committee is asked to:

1. Review and comment on the approach, progress and steps the Authority has taken to prepare for Artificial Intelligence.
2. Endorse the pace of adoption of Artificial Intelligence balanced with the controls to manage the associated risks.
3. Advise when the Committee would next want to be updated on progress.

1. Background and Purpose

1.1 Artificial Intelligence often referred to as AI is the ability of computers to perform tasks that normally require human intelligence, such as understanding language, recognising images, making decisions, or solving problems.

1.2 Since November 2022 there have been significant steps forward in the technology due to the ability for AI to understand natural language (Large Language Models) and its ability to generate original content (Generative AI) which when combined with other technologies provide the ability to use technology in new and innovative ways.

1.3 Some recent and current developments include the use of AI to generate documents from simple written language instructions such as “Create a set of interview questions for a programmer based upon an NCC job description” or create an original image from a basic description such as “Create a picture of a person using a computer in Norfolk library”.

1.4 The Government Central Digital and Data Office (CDDO) guidance is to embrace new technologies and specifically encourages the use of emerging technologies that could improve the productivity of government, while complying with all data protection and security protocols.

1.5 A number of commercial and public sector organisations are already successfully using AI for tasks ranging from fraud detection to answering customer queries.

1.6 We see the use of Artificial Intelligence (AI) as a complimentary technology to assist our staff with administrative activities and decision making, not as an automated replacement.

1.7 Staff can already access AI outside the working environment, on their computers and mobile devices that they bring to work. Some already have an expectation and have asked if they can use AI in the workplace to assist in their day-to-day activities. Therefore the use needs to be understood and managed in order to minimise risks while supporting innovation.

1.8 Technology suppliers are already bringing to market AI technology embedded in their products and service offerings which we will benefit from as we upgrade, replace or purchase new technology.

1.9 AI can potentially benefit Norfolk County Council in the following ways and many more.

1.10 Assisting Staff

- Creating documents saving time and effort
- Summarising email trails & large documents
- Taking minutes and actions of online meetings
- Reducing the workload of staff by combining AI with automation

1.11 Support decision making
- Assess large amounts of information and make predictions, enabling better planning and earlier interventions
- Improve consistency
- Understand sentiment or highlight risks hidden in free format text
- Validation checks

1.12 Interaction with the public
- Natural language chat bots are software applications that can communicate with human users using natural language
- Information retrieval providing quick and accurate responses to common queries.
- Reducing the workload of human staff and improving customer satisfaction
- Personalised and engaging conversations, enhancing the user experience
- Collecting feedback and data from the public, enabling better understanding of their needs and preferences, and improving the quality of services
- Improving the interaction by making it more accessible and inclusive, by supporting multiple languages catering for different levels of literacy and digital skills

1.13 **Risks**

1.14 AI poses some challenges and risks, such as ethical, social, and legal issues, as well as potential impacts on privacy, and security.

1.15 Output from Generative AI is susceptible to bias or misinformation depending on the quality of the information it is given to operate and learn. This can be mitigated by controlling what data the AI can access (we have limited the AI to internally stored datasets in our trials). Staff have also been reminded that AI may assist them, but they remain responsible for any content they use.

1.16 Therefore, it is important to design and use AI responsibly, with respect for human values, rights, dignity and transparency. This is why we have created the AI Governance Board and why we are issuing guidance and training materials to our colleagues.

1.17 Progress to date

1.18 Due to the fast pace of the technology and potential impact we have taken several steps to understand how it can be used and its potential impact, introduced governance, trialled some of the technology, developed guidance for staff and engaged with the Centre for Data, Ethics and Innovation (CDEI).

1.19 To keep up to date with the latest thinking, technology and provide the required governance we have established an AI Governance Board.

1.20 AI Governance Board

1.21 An Artificial Intelligence Governance Board (AIGB) has been established by Norfolk County Council (NCC) to ensure the responsible and ethical development, deployment, and management of AI technologies within NCC. The Board chaired by the Head of IT, with representation from Information Governance, Human Resources, Strategy & Transformation and Departments (including Caldecott guardians) will act as an oversight and advisory body to guide decision-making, set policies, issue staff guidance, and provide oversight to AI-related initiatives, projects and programmes.

- Review and Approval: Assess AI-related projects and proposals, providing approval, feedback, and guidance to project teams.
- Policy Development: Collaborate with relevant departments to develop AI policies, guidelines, and best practices.
- Risk Management: Analyse potential risks and challenges related to AI adoption and work with stakeholders to develop risk management strategies.
- Stakeholder Engagement: Consult with employees, customers, and other stakeholders to understand their concerns and expectations regarding AI technologies.
- Compliance Oversight: Ensure compliance with applicable laws, regulations, and ethical principles in all AI-related activities.
- Reporting: Provide regular reports to the executive leadership on AI initiatives, progress, and recommendations.

1.22 Trials

1.23 Adults have deployed AI to help improve prediction of people at risk of falling, enabling early intervention by NCC & NHS staff to improve people's lives and save public money. The results of this trial are promising and if successful the approach should be extended into other similar areas in Adults, including loneliness and hoarding. Safeguarding and other opportunities may well exist across Adults and Childrens services.

1.24 NCC has established a controlled trial of AI software to support staff in their day-to-day activities through a global software company (currently under a non-disclosure agreement) to help us understand the potential benefits and use case. The scope of the trial is for hundreds of use cases, involving hundreds of staff in a variety of roles over a 12-month period. This trial is designed to establish where the investment in AI is likely to generate the best return on investment, where it will most improve staff productivity and quality of services.

1.25 Guidance

1.26 We have created a definition of AI types and some initial staff guidance built on information provided by the Society of Innovation, Technology and Modernisation (Socitm).

1.27 We will be holding an online staff AI drop-in session to share with staff our plans, activities and approach including the opportunity for people to ask questions about AI.

1.28 We have engaged with the Centre for Data Ethics and Innovation (CDEI) which identifies the measures needed to make sure the development of AI is safe, ethical and innovative; to complete an initial workshop around AI

2. Proposal / Next Steps

2.1 We will continue to proactively evaluate available AI opportunities to improve the quality and efficiency of our services, building on the intelligent automation processes which are already well established across the Council.

2.2 We will risk assess any new uses of AI to ensure risks to data security or decision-making accuracy are fully understood.

2.3 We will share our progress and learning at regular intervals with NCC elected members to ensure members are well informed and consulted.

3. Impact of the Proposal

3.1 AI is here now and cannot be ignored as it is being used by consumers and businesses alike. If promoted and deployed in a conscious controlled way it has the potential benefit the authority, our services, our staff and interactions with the public across many of our day-to-day activities.

3.2 The proposal approach will ensure we are aware of AI activities across the council and that we analyse potential risks and challenges related to AI adoption and work with stakeholders to develop risk management strategies.

3.3 It will also ensure we are considering the ethical implications of AI systems, the principles of transparency, accountability, and fairness in developing and deploying AI solutions.

4. Evidence and Reasons for Decision

4.1 Publicly available AI is already in use by staff to help improve their productivity in ad-hoc ways. Our proposals are designed to harness this appetite to innovate and ensure more consistent, systematic use, while also minimising associated risks. Our AI trials are already showing significant promise and any opportunities to improve staff productivity and effectiveness should be pursued to help us cope with increasing demand and reducing budgets. Other forms of intelligent automation have been proven effective in recent years and therefore it is reasonable to assume that AI can also be beneficial. The approach proposed enables pursuit of benefits at pace while balancing the use with appropriate controls to minimise risks.

5. Alternative Options

5.1 The authority could choose to go slower, to wait to see how others are embracing the technology, however that would mean NCC would not benefit from the opportunities now, potentially missing early productivity and savings opportunities.

6. Financial Implications

6.1 None as a direct result of this proposal as trials are being funded from existing budgets. However, it is likely that the results of the trials will result in the production of business cases and that proposals for investment will be put forward to be considered as more opportunities present themselves.

6.2 We may also be able to leverage GovTech Catalyst a fund to help public sector bodies take advantage of emerging technologies.

7. Resource Implications

7.1 **Staff:** The use of AI is intended to compliment staff capacity. It is not intended to reduce headcount, but to help the existing staff cope better with increasing workloads. Staff will need digital skills training in due course to use the technology effectively.

7.2 Property: N/A.

7.3 IT: Digital Services will continue to chair the Artificial Intelligence Governance board and provide capacity to support and guide new AI projects. Digital Services will continue to horizon scan to seek new AI opportunities for the authority to consider in order to improve productivity and service quality.

8. Other Implications

8.1 Legal Implications: NPLAW are included as stakeholders as part of the AI Governance board and consulted where appropriate.

8.2 Human Rights Implications: There will be Human Rights implications and considerations which will be considered by the AI Governance Board on case-by-case basis.

8.3 Equality Impact Assessment (EqIA) (this must be included): The AI Governance board will ensure an EQIA will be completed by each relevant AI project or programme.

8.4 Data Protection Impact Assessments (DPIA): The AI Governance board will ensure a DPIA will be completed by each relevant AI project or programme.

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

8.6 Sustainability implications (where appropriate): Use of Artificial Intelligence and other digital technologies can help to reduce our carbon footprint. For example, use of AI technology combined with automation can optimise travel routes or even replace travel by providing alternative ways to access services.

8.7 Any Other Implications: n/a

9. Risk Implications / Assessment

9.1 The use of AI poses some risks, such as ethical, social, and legal issues, as well as potential impacts on privacy, and security. Therefore, it is important to design and use AI responsibly, with respect for the principles of transparency, accountability, and fairness in developing and deploying AI solutions. AI can also present be a cyber risk when used by criminals and this is factored into our cyber security plans.

10. Recommendations

The Select Committee is asked to:

1. Review and comment on the approach, progress and steps the Authority has taken to prepare for Artificial Intelligence.
2. Approve the pace of adoption of Artificial Intelligence balanced with the controls to manage the associated risks.
3. Advise when the Committee would next want to be updated on progress.

11. Background Papers

11.1 Society Innovation, Technology and Modernisation (Socitm) AI guidance

Using Generative Artificial Intelligence Large Language Models - Do's and don'ts - Socitm

11.2 A guide to using artificial intelligence in the public sector

A guide to using AI in the public sector (publishing.service.gov.uk)

11.3 The London Office of Technology and Innovation (LOTI) ran a public survey, interviewed council officers and other experts on AI, ran two roundtables and conducted desk research to generate guidance

Guidance on Generative AI - LOTI

Officer Contact
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Corporate Select Committee

Item No: 9

Report Title: County Farms Rural Estates Strategy 2023-2027

Date of Meeting: 13 November 2023

Responsible Cabinet Member: Cllr Jane James, Cabinet Member for Corporate Services & Innovation

Responsible Director: Simon Hughes, Director of Property

Executive Summary

As part of robust governance and management for, and of the County Farms Estate, the County Farms ***'Estate Objectives and Policies, Key Processes and Criteria report***, presented to Business & Property Committee on the 18th October 2017 has been reviewed, and has now resulted in a new strategy for 2023-2027to suit the changing nature of the portfolio and needs of its Tenants. This has resulted in the development of a new strategy for 2023-2027.

The newly proposed County Farms Rural Estates Strategy firstly ensures that NCC continues to deliver, as promised in its Strategic Asset Management Framework of 2021-2027, the development of an economically efficient property and land portfolio in support of a vibrant local farming community. This includes ensuring sustainable, gold standard land management for next generation farming. Secondly it sets out an investment plan to maintain and develop the building infrastructure to ensure it is fit for modern agriculture, while reducing NCC's impact on the environment.

Recommendations

1. **Corporate Select Committee is to comment on County Farms Rural Estates Strategy for 2023-2027.**

1. Background and Purpose

The County Farms Estate extends to 16,802 acres, supporting 210 tenancies with 139 farmers, 85 dwellings, 506 outbuildings, and is the second largest local authority farms estate in England & Wales. It contributes to the rural economy by creating businesses and employment and generates approximately £2.54 million pounds in income per year, in addition to sales from land and has furthermore supported NCC's capital receipts program in providing land for house building, notably for Repton, with surplus land holdings also providing land for infrastructure from trees to land for new roads.

The team is now working at full strength. The facilities management of the county farms estate has been incorporated into the Norse Total Facilities Management contract as part of the wider Corporate Landlord Model. This alignment with the corporate facilities management approach results in coherence and a standardised approach to work across the County Farms Estate. All capital projects are planned for over several years by the capital projects team within Corporate Property Team.

The County Farms Rural Estates Strategy will enable clear and transparent investment plans. Officers will draw up business proposals for capital and or other funding over the 5-year period, providing members and NCC with a clear picture of expected investment and rationale for each individual holding.

The County Farms Rural Estates Strategy will also improve the physical layout of holdings, in particular where farmland and houses are separated by neighbouring farmland, fields and or other boundaries such as highways.

It proposes changes to boundaries where Farm Business Tenancies are coming to an end, and, or where tenants are approaching or have reached pensionable age and are looking to retire. There are proposals to increase the size of progression farms, as a result of feedback from tenants, to satisfy the need for business growth.

Alternative options to the new strategy have been discussed and discounted; they were:

- Do nothing, leave the County Farms Estate as is.- Farms are on the small side and the economics of this don't add up. They are of insufficient size to be sustainable and work financially or to support tenant farmers to invest in and operate modern large machinery.
- Disposal of the land and asset portfolio for capital receipts and to eliminate the administrative and management burden. This would entail releasing for sale the land and assets over a period of 5 years. – Norfolk County Council would lose control of the ability to influence and nurture next generation farming through encouraging new entrants into agriculture.
- Adopting a purely commercial model which includes either contract farming and/or reducing the number of tenants, therefore reducing management and administrative burden by having less but larger farms of 800-1000 acres. This would likely lose all individuality along with Norfolk County Council's silver/ gold standard land management in terms of providing for and encouraging the environmental aspects of good land and crop management, as well as losing the ability to contribute towards broader environmental housekeeping.

NCC, as one of the largest public sector landowners, has a duty as Corporate Citizen to protect the 'moral rights' of its stakeholders and citizens through its policies and strategies. These policies and strategies outline and enshrines NCC's values which through its behaviour demonstrates respect for community and environment.

The alternative options have been discounted, due to the fact that they contain little or no community and or environmental benefit in the immediate or long term. Recent consensus by farming and environmental organisations who met in 2023 at the Oxford Farming Conference agreed that:

- '*A healthy natural environment underpins food security.*
- *Farming not only produces food but is central to efforts to tackle nature, climate, and public health crisis.*
- *Diversity in nature, both methods adopted including crop diversity will enable resilience and innovation in the face of climate and economic challenges'.*

Support for this new strategy will ensure a thriving and sustainable County Farms Portfolio for current and future generations, and one which in turn, will directly contribute to the success of NCC's associated nature and environmental programmes. In addition, it can directly impact, in a positive manner, at least seven of the UN's Sustainable goals (SDG's), most notably, *SDG 2: Zero hunger*, *SDG 3: Good health and wellbeing*, *SDG 8: Decent work and economic growth*, *SGD 9: Industry innovation and infrastructure*, *SGD 12: Sustainable consumption and production*, *SDG 13: Climate action* and *SDG 17: partnership for the goals*.

2. Proposal

The County Farms Rural Estates Strategy proposes a redraw of the boundary lines for the majority of the County Farms allowing for improved land adjacencies along with the creation of larger farms. This will increase commercial viability due to capacity for larger output, and furthermore facilitate better use of larger machinery. This directly supports *Policy Objectives 2.0, 3.0 and 4.0* in Norfolk County Council's 'Strategic Property Asset Management Framework 2021/22 to 2026/27.

Image one below, provides an illustration of the effective outcome of the County Farms Rural Estates Strategy. Comparing the before and after images shows how fragmented and spilt holdings are redefined to create larger more regular areas.

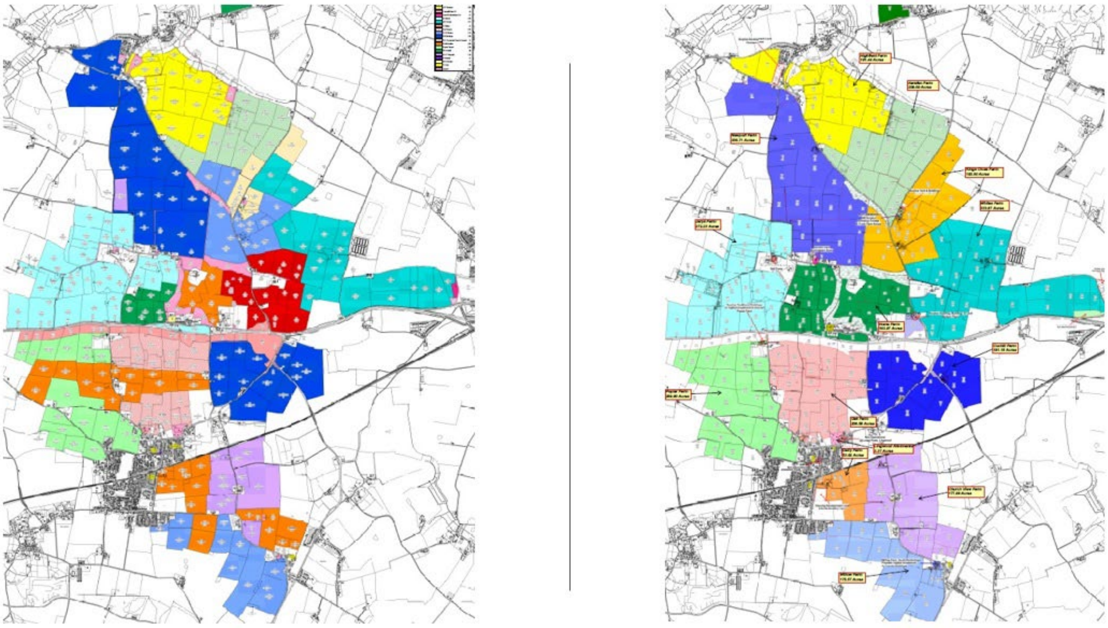

Image one: Depicting refined boundary lines, for illustrative purposes only.

The new County Farms Rural Estates Strategy will absorb smaller and isolated parcels of land. This, together with the newly proposed boundary lines, will group parcels of land and farms into neat blocks allowing tenant holdings to be adjacent to their homes. In addition, the proposals identify several parcels of surplus land yards which can be redeveloped and sold with planning consent, or merely declared surplus and sold, and thus yield capital receipts for NCC.

Importantly, the proposals facilitate the creation of new entrant holdings, which under the current situation are becoming limited. This will ensure a steady pipeline of farms to offer to the local market, supporting and inspiring new and young farmers by giving them the opportunity to take on a farm and learn gold standard land management ways of farming. The Council will be safeguarding Norfolk's agricultural future. One such example will be around the Stow and Marshland Estate. Currently such opportunities are becoming limited.

In support of Norfolk County Council's Environmental and Sustainability Policy, fossil fuels in County Farm homes will be replaced in a phased programme with Biomass and or air source heat pumps supporting *Policy Objective 5.0* in Norfolk County Council's 'Strategic Property Asset Management Framework 2021/22 to 2026/27 More detail is contained within section 8.6 of this paper.

All holdings will be subject to review during the strategy timeframe, with plans identified on a case-by-case basis.

3. Impact of the Proposal

Redrawing the boundary lines and increasing the size of progression farms will increase the potential for high rental income and increased business viability, despite slightly reducing the number of progression farms. It will furthermore allow for a neater allocation of farm holdings.

4. Evidence and Reasons for Decision

Firstly, by listening to farmers who have the opportunity to grow their business with larger holdings and hearing their frustrations that holdings are in some cases spread across other farms and not adjacent to homes. Secondly, this proposal represents the opportunity to realise capital receipts for parcels of land which might otherwise be economically inactive.

5. Alternative Options

Have been discounted as it will either be stifling business growth in certain areas where tenants need larger holdings, and in addition is not an optimised allocation of farms where a house and the holding is spread across several parcels. Further options have been discounted based on the lack of value to community and environment.

6. Financial Implications

The revised boundary lines might result in the requirement for capital investment, this is not expected to be in excess or deviation of any current annual capital investment programmes, approved in the past, for example new grain stores, extensions, or refurbishment to houses to facilitate families and so on.

Finally, the planned replacement of fossil fuels in homes, have already been budgeted for in the wider decarbonisation programme with funding of £1.147m already allocated. There is therefore no further impact on the public purse as a result of the sustainability aspects of this Strategy.

7. Resource Implications

7.1 Staff:

No resource implications have been identified as a result of these proposals.

7.2 Property:
For advice on property implications, you may wish to contact Simon Hughes, Director of Property on 01603 973850.

7.3 IT:
No impact on IT provision or use thereof has been identified as a result of these proposals.

8. Other Implications

8.1 Legal Implications:
No legal other than a redraft of tenancy agreement and land boundaries have been identified as part of these proposals.

8.2 Human Rights Implications:
No impact has been identified.

8.3 Equality Impact Assessment (EqIA) (this must be included):
The proposals to redraw boundary lines does not affect NCC's Equality, Diversity, and Inclusion policies.

8.4 Data Protection Impact Assessments (DPIA):
No impact as proposals involve current tenants and existing contracts.

8.5 Health and Safety implications (where appropriate):
There are no impacts to H&S and or any laws under the H&S Act which needs to be considered as part of these proposals.

8.6 Sustainability implications (where appropriate)

The proposals have no adverse effect on sustainability and the environment, with a proactive plan currently in development to replace fossil fuels in tenants homes. Condition surveys have commenced in July 2023 which will assess the suitability of fossil fuel alternatives in all residential homes on the County Farms estate, while also considering EPC recommendations. Due to fiscal challenges wholesale retrofit of homes will be avoided. The condition surveys will help determine the condition and suitability of building fabric for either biomass or heat pump solutions as alternatives to gas and oil, while minimising fabric interventions where possible and appropriate. Funding has been secured.

8.7 Any Other Implications:
N/A

9. Risk Implications / Assessment

Maintaining the status quo will result in a lack of new entrant holdings and an inability for existing progression farms to develop and grow. Not investing in the properties will result in a deterioration over time of assets across the portfolio and farms which essentially lack modern facilities to facilitate successful agricultural practice.

10. Recommendations

Corporate Select Committee is to comment on County Farms Rural Estates Strategy for 2023-2027

11. Background Papers

N/A

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Item 9, Appendix 1

Norfolk County Farms Estate Objectives and Policies

2023-2027 Strategic Objectives

	Governance
Objective G1:	The Cabinet Member responsible for Property shall be responsible for recommending the over-arching policy for County Farms and for the implementation of policy on each estate as set out in the County Council's constitution.
Objective G2:	The Cabinet Member responsible for Property will work to: • Improve and maintain relationships between tenants and the County Council. • Ensure greater transparency in decision making. • Advise the County Council on policy matters. • Approve strategic management plans for each estate. • Advise on acquisitions, disposals and the future investment strategy.
	Strategy
Objective S1:	The County Council will maintain the size of the Estate at 16,000 acres or more. Where land or buildings are declared surplus and subsequently sold, the County Council will reinvest a proportion of the capital receipts as detailed in the Council's Financial Regulations in order to support the value of the County Farms Estate, to improve its infrastructure and to help maximise income return.
Objective S2:	The County Farms Estate will prioritise its fundamental aim of supporting new entrants to the agricultural industry and the County Council will manage the estate to reflect this policy aim and consider new ways to support new entrants by providing smaller holdings.
Objective S3:	The County Council will develop a wide range of farm sizes to encourage a variety of business models and support rural development and economic regeneration. New tenancies should be typically based on a period of 10 years (with breaks for appropriate cases), with preference given to applicants who meet the Council's tenant selection criteria whilst generating a return to the County Council.

Objective S4:	The County Council will encourage commercial farm enterprises, maintain farm rental value and charge market rents on all new tenancies and extensions of existing tenancies.
Objective S5:	The County Farms Team will develop strategic management plans for each estate to demonstrate what contribution each estate can make to the various policy objectives and enable tenants to plan and invest in their businesses for the future.
Financial	
Objective F1:	Each year the County Farms Team will provide an estimate of the net income derived from the County Farms Estate to be allocated by the County Council to help support frontline services.
Objective F2:	The County Farms Team will develop an investment programme to improve the infrastructure, buildings and storage capacity for crops on the County Farms Estate.
Objective F3:	The County Farms Team will Identify sites across the County Farms Estate for development potential such as for affordable & market housing and for commercial activities.
Objective F4:	The County Farms Team will develop strategies and processes to minimise rent debt.
Estate Management	
Objective EM1:	The County Farms Team will demonstrate sound estate management practice, having due regard to the interests, aspirations and responsibilities of both the tenants and the County Council.
Objective EM2:	The County Council will rigorously enforce the terms of each tenancy agreement to ensure the holding is farmed in a proper tenant like manner, repair covenants are adhered to and all breaches, including subletting outside the scope of the terms of the tenancy, are minimised.
Objective EM3:	The County Council will manage the trees on the Estate in the interests of safety and visual amenity and will furthermore engage with the Nature Recovery Programme to participate in the Pollinator Plan & continued pledge to plant 1 million trees / hedges.
Environment and Community	

Objective EC1:	Will develop the County Farms Estate as an exemplar of innovation, working with Easton and Otley College, the University of East Anglia, Anglia Farmers and others to identify opportunities for partnership working that lead to improvements in training and employment in sustainable farming, providing apprenticeship opportunities, local food production and delivering community benefits.
Objective EC2:	Will provide, organise or facilitate mentoring and training for tenants to encourage better business management and diversification.
Objective EC3:	Will develop strategies to enable older tenants to retire with dignity and for the County Council to meet its obligations to tenants on retirement tenancies.
Objective EC4:	Seek to develop farms to help deliver wider corporate services and objectives, such as, for example, use as an educational resource centre, Care Farm, or developing links with local schools in conjunction with the appropriate County Council directorates.
Objective EC5:	Tenants of intermediate and larger sized holdings will be encouraged to support employment and training opportunities as well as to work with all the County Council's directorates to maximise healthy living and personal development opportunities.
Objective EC6:	Actively encourage tenants to be exemplars of good environmental practice, such as (not a full list): • Support for the Campaign for the Farmed Environment. • Actively maintaining permissive paths and rights of way. • Educating the wider community on modern farming methods. • Participation in tree and hedge planting scheme.

Norfolk County Farms Estate Tenant selection process

1.0 Introduction

1.1 The County Farms Estate is a valuable resource and to ensure it is farmed appropriately and the opportunities it offers to prospective tenants are realised the County Council.

1.2 Holdings become available as tenants move on to larger farms, retire or their tenancies expire. Very occasionally the County Council has acquired new farmland and buildings, and these are let once assimilated into the overall County Farms Estate.

1.3 The County Farms Estate have two main tenancy entry points into the estate:

(i) **Entry holding**, these are smaller holdings. They provide the first opportunity for starting a new farming business, on a full or part time basis. These tenancies will usually be for a maximum of 10 years with a break at 5 years operable by either party.

(ii) **Progression holding,** these are larger holdings for more experienced farmers. These tenancies run for between 10 to 20 years, with a break at years 10 and 15, executed by either party.

1.4 All new lettings are for a predetermined length and are let in accordance with the Agricultural Tenancies Act 1995 (as amended). On occasion, where the tenancy does not meet agricultural tenancy requirements, a business tenancy in accordance with the Landlord and Tenant Act 1954 will be required with a provision to contract out of the security of tenure requirements of the legislation.

1.5 The general principle should be noted that County Council Farms are provided as a gateway into the industry, and it is hoped that all successful applicants will continue to seek opportunities to move onto larger farms within the private sector.

1.6 A copy of the standard Agricultural Tenancy Agreement that sets out the obligations for the tenant and landlord will be provided as part of the application process. These agreements are not negotiable, and applicants should ensure that they have considered the conditions and potential costs associated with each holding.

2.0 Expectations

2.1 The County Council has high expectations of its tenants. They are expected to:

- Develop viable businesses as a sole or main form of employment, however, this will be commensurate with the size of holding occupied.
- Be able to accumulate resources for future progression.
- Produce quality products that add value, meet local needs and the demands of customers.
- Be innovative and entrepreneurial.
- Be co-operative with other tenants as well as the landlord and managing agents.
- Have the necessary practical and management skills to react to changing circumstances.
- Look to improve the environmental and social wellbeing of Norfolk residents, for example in maintaining footpaths and looking to increase the biodiversity of their holding.

2.2 In return the County Council, through the County Farms Team will support each tenant to achieve their goals as well as applying professional estate management services.

3.0 Enquiries and advertisement

3.1 New farms estate lettings will be advertised in the local, and national farming press, County Council website and social media.

3.2 New lettings will be advertised as early as possible.

3.3 A detailed prospectus will be provided for each holding to be let, with key information that is known on each holding. Applicant will need to satisfy themselves on any specific areas of the holding.

3.4 Prospective Tenants may contact the County Farms Team at any time to enquire about farms available for letting, there is no preferential treatment with this having occurred. The County Council will note the enquiry but **will not retain** a list or record in respect of pre-advertisement enquiries. All such enquirers will be advised to periodically to look on the County Council website, social media, and press for forthcoming lettings.

3.5 A viewing day(s) will be held for all equipped holdings which attendance will be compulsory for a successful application (except on bare land lettings). The viewing day will provide the opportunity to inspect the holding and seek clarification of aspects of the holding.

A prospective tenant's day will potentially be held (may be held at the same time as a viewing day) to acquaint applicants with the selection process, the requirements of the business plan, the requirements of having a tenancy on the estate and outline the professional advice applicants may need to obtain to support their application.

4.0 Selection process

4.1 Tenant selection is through a **two**-stage **process**. The first stage is the assessment of applications by a County Council Officer panel (comprising the Rural Estates Surveyors and a minimum of one other County Council Officer) who will recommend a short list of applicants to be taken forward to the interview (2nd) stage. The final list of applicant to be interviewed will be agreed by the Director of Property. The process will also be independently audited.

All applicants are strongly advised to seek any financial, legal or professional advice that they see fit, before applying. Norfolk County Council expects that holdings are run as viable businesses on commercial terms and applicants should consider whether they have the appropriate skills and resources to run such an enterprise.

There are a number of advisory bodies who can provide advice to applicants, as well as institutions (such as banks) who will be able to provide advice around the development of a business plan.

Applicants may use an agent (such as a surveyor or solicitor) to support them in the application process, however this is not a necessity to make an application. At interview it is expected that the tenant will attend unaccompanied, however, applicants who have a disability will be able to be accompanied to suit their needs.

4.1.1 Stage 1

Applicants will need to submit an online application and must include practical, financial, and environmental management proposals from which a shortlist will be selected. Applicants will be required to submit the following:

- A tender detailing the rental offer.
- A business plan (which should include an outline of the proposed business and budgets to demonstrate its viability and an indication of future development).
- Applicant's Curriculum Vitae (CV).
- Financial reference (1nr) and personal reference (2nr).

- Confirmation of attendance at the viewing day for the holding applied for.

As part of this stage the financial reference will be taken up and reviewed. This may include undertaking additional financial checks as appropriate.

On the basis of the written submission and satisfactory financial reference the officer panel will score each application against a pre-determined scoring matrix (see **appendix A**) and will recommend a short list of applicants to be put forward for the 2nd interview) stage. The total number of applications recommended to go forward to the next stage is not pre-determined.

Scores from the first stage will be carried forward to the 2nd stage.

The results of the scoring of these applications may be made available for moderation by an external third party or Internal Audit (if required).

4.1.2 **Stage 2**

Prior to the interview, the stage 2 process for each applicant recommended for this stage will comprise:

- A County Council Officer from the County Farms team visiting prospective tenants to inspect existing holdings where they farm in their own right as owner/tenant (if applicable).
- The personal reference being taken up and reviewed by all members of the interview panel.
- The tender, business plan and CV being reviewed by all members of the interview panel.

For the interview itself:

- The interviews are undertaken by the members of the Tenant Selection Panel comprising:
  - Two elected Members (vote).
  - Director of Property (vote, plus casting vote if required).
  - County Farms Surveyor (vote).
  - Norfolk County Council may invite a technical expert to attend the panel from one of more of the following bodies (non-voting):
    - The National Farmers Union
    - Country Land and Business Association.
    - Tenant Farmers Association.
  - Applicants will be informed of the make-up of the interview panel in advance.
- All applicants will be asked the same questions, however there may be supplementary questions on particular points to ensure understanding by the panel.
- On the basis of the interview the panel will score each applicant against a

pre-determined scoring matrix.

- The aim is to hold interviews for each holding on the same day, however this will depend on the number of applicants invited to interview and may extend to a second day.
- A decision will be made by the tenant selection panel as soon as possible after completion of all interviews for each holding. Decisions will be communicated to each applicant by telephone within 48 hours, followed by a decision letter. If required, appointments with the relevant County Farms Surveyor will be made for those unsuccessful applicants to provide more comprehensive feedback on their application. It should be noted that a decision can include not letting the holding to any of the applicants interviewed.

4.2 Lobbying/canvasing of County Council Officers and elected Members, or any of the potential non-voting panel members prior to or during the application process will lead to automatic and immediate disqualification of the applicant from the process. Furthermore, the applicant will not be permitted to make new applications for a Norfolk County Farms Estate holding for a minimum of two years from the date the applicant was notified of the disqualification.

Applicants are advised not to use elected Members (or their local Councillor's) as either referees or references, nor ask for letters of support.

5.0 Criteria for applicants

5.1 The County Council have established strict criteria. Applicants must be able to demonstrate and provide evidence that they have fully met each criteria:

(i) Applications from persons who are already established farmers in their own right and who intend to run the County Farm as an extension to their existing business, will not be considered in the first instance.

(iii) Holdings are only available to persons who are prepared to farm them personally. In the event a tenant is challenged in this respect the onus will be on the tenant to satisfactorily demonstrate to the Council that they are in active management control of their farm and are exposed to commercial risk. The use of contractors for specific field operations is acceptable. Sub-letting of the farm is strictly prohibited.

(iii) Where houses are provided, it is a general requirement for the tenant to reside at the holding.

(iv) Tenants should not normally engage in any form of business other than agriculture, unless the holding is referred to as a part time holding within the letting particulars, although ancillary complimentary activities will be considered and encouraged in individual cases, based upon their merits.

(v) Norfolk County Council expect their tenants to demonstrate commitment to improving the environment and social wellbeing on their holdings. This will include a commitment to maintaining access on permissive paths/public rights of way and also considering different forms of environmental stewardship.

(vi) Preference will always be given, when selecting tenants, to applicants who can demonstrate that they have the most suitable practical and theoretical knowledge required for the type of farming most suited to the available holding.

(vii) Applicants must be able to demonstrate that they have sufficient capital to enable the proposed business to be established and to enter a holding and work it. This can be quite substantial where an incoming tenant may be required to pay for the outgoing tenant's fixtures and fittings, or other subsidy entitlements, live and dead stock, sufficient to properly farm the holding

(viii) In the case of holdings where farming is the main activity, applicants should be able to fulfil the minimum requirement of 5 years' full-time practical farm work which may include up to 3 years attendance at a full-time course in agriculture.

(ix) Where the holding is small and the main enterprise proposed is non-agricultural, the applicant must be able to show sufficient experience in the proposed enterprise.

(x) Applicants should normally be able to show that they have undertaken some formal training in the enterprise they propose to undertake and, other things being equal, preference will be given to these candidates. However, applicants may not be refused on these grounds alone if similar training and experience has been obtained in other demonstrable ways.

(xi) The maximum length Farm Business Tenancy for a progression farm which will generally be entered into is for a period of up to 10 years (irrespective of any proposed retirement age) this will apply for new or renegotiated tenancies.

(xii) It is unrealistic to lay down absolute criteria for the type of person required, but in practice it is overriding important factor for the 21st Century that the individual be keen, enterprising, adaptable, and hardworking.

(xiii) Applicant will not be discriminated against on the grounds of sex, race, marital status, sexual orientation, disability, or age.

(xiv) The rent payment record and general compliance with tenancy agreements of existing tenants will be considered when and if they apply for another holding on the County Farms Estate.

(xv) Applicants who can demonstrate direct employment generation potential from their proposed business enterprise will have an enhanced likelihood of success.

(xvi) Existing tenants successfully applying for a progression holding will be required to surrender their existing holding as a condition of being offered the new holding.

12. Appendix A

Stage 1 scoring matrix

- Applicants will be required to certify they have attended the viewing day for the holding applied for. Failure to attend the viewing day will preclude further consideration of the application.

- Whilst the tendered level of rent is an important consideration for the County Council, however, this aspect is not marked in the 1st stage assessment.

- There are 10 areas for consideration, as listed below, therefore the maximum possible score for each application is 40. Only applications which score above 32 points will be considered for interview. However, the final list of applicants invited for interview is at the discretion of the Director of Property

- Each area of consideration will be marked out of 4 (there is no “0” mark)

Score	Definition
1	No information provided
2	Adequate evidence provided
3	Good evidence provided
4	Comprehensive evidence provided

- Areas for consideration:

(i) Suitability against selection criteria.
(ii) Suitability against County Farms Estate objectives.
(iii) Suitability against estate strategic objectives.
(iv) Readily available capital.
(v) Experience and training relevant to holding and business plan.
(vi) Availability of machinery and equipment relevant to holding and business plan.
(vii) Practicality of business plan.
(viii) Likelihood of success and progression.
(ix) Ability to enter the farm and get going.
(x) Overall quality of application.

13. Appendix B

Stage 2 scoring matrix

- There are 6 areas for consideration, as listed below, therefore the maximum possible score for each application is 24.

- The interview score is combined with the score from the 1st stage assessment to give a total score for each applicant. The scores will be used as a basis for each interview panel to adjudge each applicant respectively rather than ultimately selecting the successful applicant. The interviewing panel members will judge each applicant on their merits and vote for their preferred candidate. The Chairman of the interview panel (Head of Property) will hold the casting vote.

- Each area of consideration will be marked out of 4 (there is no “0” mark)

Score	Definition
1	No information provided
2	Adequate evidence provided
3	Good evidence provided
4	Comprehensive evidence provided

- Areas for consideration:

(i) Quality of presentation
(ii) Relevant farming experience
(iii) Adequate finance
(iv) Standard of application & clarity of business plan
(v) Determination & ambition to progress
(vi) Ability to deal with panel’s questions

Item 9, Appendix 3

Norfolk County Farms Estate

Acquisition Criteria

(for new farmland/farm buildings)

1.0 Introduction

1.1 The Council's constitution requires the farms estate to be maintained at 16,000 acres or more in size. Given the pipeline of land that has been identified for potential acquisition/disposal, Norfolk County Council may significantly exceed the 16,000 acres minimum at any given point in time.

1.2 From time-to-time farmland and buildings becomes available and to aid agility in decision making as to whether the County Council will bid for a new holding these criteria have been developed.

1.3 It is accepted that a "perfect fit" will not always be possible but where a particular requirement is not fully met these criteria form the basis for providing the evidence for where compromises have been made.

2.0 Criteria for acquiring farmland and farm buildings (new holdings)

(i) All new holdings will be acquired freehold.

(ii) The new holding should be within reasonable proximity of an existing Norfolk County Farms Estate holding, (maximum of 3 miles by road).

(iii) A new holding further than 3 miles by road will be considered if it is judged to be of sufficient size to be let as a stand-alone holding.

(iv) The majority of the new holding (minimum of 75%) is located within the Norfolk County boundary.

(v) The preference is for the new holding to be equipped with suitable buildings to support farming operations.

(vi) The majority of the land will be grade 3 quality and above.

(vii) New holdings that include easements and wayleaves for over and underground services will not be excluded from consideration.

(viii) New holdings are not to be encumbered; this could include:

- No waste tips.
- No sitting tenants.
- No over-cropping
- No deleterious materials (accepting that many farm buildings are constructed from asbestos cement sheeting).
- No “unusual” planning restrictions/designated uses have been applied.
- No listed buildings, sites of ancient monuments, former battlefield sites etc.
- No legal charges.
- No contamination from previous uses such as (not a fully inclusive list) military sites, industrial and commercial uses, or poor practice such as (not a fully inclusive list) non-control of invasive weeds, uncontrolled dumping.
- No substantial number of buildings, foundations and other structures remain from previous uses.
- No unresolved disputes over access to or use of the land.

(ix) Access to the new holding is direct from the public highway.

(x) All existing benefits in terms of subsidies, feed in tariffs, income from leases, mineral and sporting rights and the like are capable of being transferred to a new owner.

(xi) New holdings located wholly or partly within a national park or include areas of outstanding natural beauty will not be excluded from consideration.

CORPORATE SELECT COMMITTEE – FORWARD WORKPLAN 2023/4

Corporate Select Committee	**13 November 2023**	**15 January 2024**	**Future/to be scheduled**
	Part A – • Budget proposals • Artificial Intelligence • County Farms Rural Estates Strategy **Part B –** Committee forward plan	**Part A –** • EDI • Smarter Working update • Climate Strategy & Environmental Policy **Part B –** Committee forward plan	**Part A –** • Communication Strategy • Wellbeing Strategy *(review tbc)* • Digital Strategy update (tbc) • Customer Experience programme (tbc) **Part B –** Committee forward plan