

# Corporate Select Committee

Date: **Monday 14 November 2022**  
Time: **2pm**  
Venue: **Council Chamber, County Hall, Martineau Lane, Norwich**

## Membership:

Cllr A Birmingham  
Cllr S Blundell  
Cllr G Carpenter  
Cllr S Clancy  
Cllr E Colman (Chair)  
Cllr N Daubney  
Cllr B Duffin

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

## 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](#)

However, if you wish to attend in person it would be helpful if you could indicate in advance that it is your intention to do so as public seating will be limited. This can be done by emailing [committees@norfolk.gov.uk](mailto:committees@norfolk.gov.uk)

The Government has removed all COVID 19 restrictions and moved towards living with COVID-19, just as we live with other respiratory infections. However, to ensure that the meeting is safe we are asking everyone attending to practise good public health and safety behaviours (practising good hand and respiratory hygiene, including wearing face coverings in busy areas at times of high prevalence) and to stay at home when they need to (if they have tested positive for COVID 19; if they have symptoms of a respiratory infection; if they are a close contact of a positive COVID 19 case). This will help make the event safe for all those attending and limit the transmission of respiratory infections including COVID-19.

## **A g e n d a**

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

### **2. Minutes**

To receive the minutes of the previous meeting held on 11 July 2022

**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](mailto:committees@norfolk.gov.uk)) by **5pm Tuesday 8**

**November 2022.** 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](mailto:committees@norfolk.gov.uk)) by **5pm Tuesday 8 November 2022.**

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|--|-----------------|
| <b>7. Strategic and Financial Planning 2023-24</b><br>Report by the Executive Director for Finance and Commercial Services                                       | <b>Page 11</b>  |
| <b>8. Amendments to the Constitution to include Financial Regulations update 2022-23 &amp; miscellaneous amendments</b><br>Report by the Director for Governance | <b>Page 60</b>  |
| <b>9. Policy for Parental Leave for Councillors</b><br>Report by the Director for Governance   | <b>Page 105</b> |
| <b>10. Digital Strategy Update</b><br>Report by the Executive Director for Finance and Commercial Services   | <b>Page 114</b> |
| <b>11. 2022 Staff Survey 'Our Voice Our Council': Summary Report and Next Steps</b><br>Report by the Executive Director of Strategy & Transformation.            | <b>Page 120</b> |
| <b>12. Organisational Performance Framework</b><br>Report by the Executive Director of Strategy & Transformation   | <b>Page 143</b> |
| <b>13. Forward Work Plan 2022/23</b><br>Note by the Executive Director for Strategy & Transformation   | <b>Page 178</b> |

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

Date Agenda Published: 4 November 2022



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## Corporate Select Committee

Minutes of the Meeting Held on 11 July 2022 at  
2pm in Council Chamber, County Hall, Martineau Lane Norwich NR1 2DL

### Present:

Cllr Ed Colman (Chair)  
Cllr T Adams  
Cllr S Blundell  
Cllr A Birmingham  
Cllr G Carpenter  
Cllr P Carpenter  
Cllr N Daubney  
Cllr B Duffin  
Cllr L Hemsall  
Cllr S Morpew  
Cllr B Price  
Cllr V Thomson

### Substitute Members Present:

Cllr Stephen Morpew for Cllr T Jermy  
Cllr Penny Carpenter for Cllr K Mason Billig  
Cllr Tony Adams for Cllr J James  
Cllr Graham Carpenter for the vacant position on the committee.

### Also Present:

Cllr Tom FitzPatrick	Cabinet Member for Innovation, Transformation and Performance.
Cllr Greg Peck	Cabinet Member for Commercial Services & Asset Management.

### 1 Apologies for Absence

- 1.1 Apologies for absence were received from Cllr Kay Mason Billig (substituted by Cllr Penny Carpenter), Cllr Terry Jermy (substituted by Cllr Stephen Morpew), Cllr Jane James (substituted by Cllr Tony Adams). Cllr Stuart Clancy was also absent.

### 2 Minutes

- 2.1 The minutes of the meeting held on 23 May 2022 were agreed as an accurate record and signed by the Chair subject to an amendment that Cllr Sharon Blundell's apologies were recorded and that Cllr Dan Roper was her substitute.

### 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 was one local member question from Cllr Kemp. A supplementary question was asked:

Why is there no policy from the current administration for levelling up in Kings Lynn and could the hierarchy of motions to council being considered, be removed, as it is considered to be discriminatory and puts Kings Lynn at the back of the queue?

The Chair responded by saying he did not recognise the sentiment or context that West Norfolk was being left behind by the County Council or was being discriminated against and that the County Council had a good record of touching all areas of the County through its extensive activities. The point about the hierarchy of motions to council being considered within the changes to the constitution had been noted by the Director of Governance. The committee would provide further such comment and a formal decision will be taken by Full Council on 19th of July 2022.

## 7 Smarter Working Update

- 7.1 The annexed report (8) was received and introduced by Cllr Tom FitzPatrick, Cabinet Member for Innovation, Transformation and Performance. The report focused on the approach to Hybrid working and the support in place for employees.
- 7.2 David Thom, Delivery Manager Strategy and Transformation undertook a [presentation which can be found on the committee's website pages](#).
- 7.3 In response to questions it was noted:
- A large number of employees had taken up the offer of a £250 grant to support home working.
  - Measures were in place for teams to meet and get together on a regular basis to help some tasks and build connectively to ensure work was completed in the most efficient and effective way. Managers also had training available to help them with working in a hybrid manner.
  - Guidance and principles have been issued to all line management to encourage some face to face meetings and tasks and this would enable managers to assess wellbeing and better manager staff working in a hybrid manner.
  - Members had been given access to the Smarter Working Dashboard and the Chair requested that if questions arose after viewing the dashboard that these should be sent to him so that a collective response can be obtained from officers. Responses to questions will be dealt with outside of meetings.
  - It was agreed that the item on Smarter Working would come to the committee at every other meeting. The next time the topic would be discussed would be on 14<sup>th</sup> November 2022.
- 7.4 The Select committee:
- **Reviewed** the work completed to date and **considered** the next steps and **provided** feedback on any areas of assurance the Committee requires to

form part of the next report.

## 8 Proposed Changes to the Constitution

8.1 The annexed report (7) was received and introduced by Helen Edwards, Director of Governance. The report included proposed changes within the appendices following a series of workshops attended by members and at a group leaders meeting. A final document would be produced for approval at Full Council on 19<sup>th</sup> July 2022.

8.2 In response to questions asked the committee discussed and noted the following:

- The 'incinerator clause' regarding referral of an item over £100m to full council should have been removed from the constitution when the council moved to a cabinet system as only cabinet can make an executive decision. All spending would need to be within the budget agreed by full council.
- Suggestions were made that an extra full council meeting in the schedule might assist in getting more of the Council's priorities discussed.
- Any changes in the constitution will still require the goodwill and discipline of members to ensure Council meetings function effectively.
- The reduction in members speaking time on a motion may create a situation that more members wish to speak to ensure all points are covered. The order of motions proposal may also create confusion if there is a cross party motion.
- The Director of Governance clarified that any motions that remain unheard at the end of a full council meeting will be considered to be moved and seconded without debate, and will move to the vote unless the proposer wishes to withdraw the motion for consideration at a future meeting.

8.3 Cllr Ben Price proposed a motion that the following changes to the proposed constitution should be recommended:

1. There should be 7 ordinary meetings of full council per municipal year.
2. Petitions to be validated by 1000 signatures.
3. Motions should be accepted on a first come first serviced basis with a limit of two motions per group.
4. Full council meeting length should be up to 4 hours with a 2 hour break if required.

The motion was seconded by Cllr Blundell.

The motion was **lost** on a show of hands.

8.4 The Select committee **agreed** to reaffirm support to the changes to the constitution as proposed.

A recorded vote was requested.

Cllr Adams	For
Cllr Birmingham	Abstain
Cllr Blundell	Against
Cllr G Carpenter	For
Cllr P Carpenter	For
Cllr Colman	For
Cllr Daubney	For

Cllr Duffin	For
Cllr Hemsall	For
Cllr Morphew	Abstain
Cllr B Price	Against
Cllr Thomson	For

The motion was **Carried**.

## 9. Communications Strategy 2022-2024

The committee received the annexed report (9) from the Executive Director of Strategy and Transformation and was presented by James Dunne, Head of Communications.

The report was provided for consideration and feedback and the version presented was also being considered in a range of forums concurrently before eventual sign off by the Executive Directors and Cabinet.

The council's priorities are guided by the corporate strategy, 'Better Together, for Norfolk' and the communications strategy is rooted in following those objectives. In communications much of the work of the past two years has been dictated by the council's response to Covid. The purpose moving forward was on how the Council joins up its communications and how the council effectively engages within the community. Monthly planner packs will be issued so that all members can see what campaigns and initiatives the council will be undertaking in the month ahead.

9.1 In response to member's questions the following was discussed and noted:

- The strategic communication groups were developed to work collaboratively, to break down silo working and to establish a connected and co-ordinated approach. The Head of Communications was chairing each group meeting to ensure consistency was achieved and action plans aligned.
- It was thought appropriate for the item to return to the committee in late Autumn 2022 so that the work in progress can be viewed and evaluated.
- The strategy produced did consider both in-house and external partners' developments with a view to working better together with other local and national authorities and organisations to promote common themes and thinking within communication delivery.

9.2 The committee **agreed**:

- a) to support the 'Better Together, for Norfolk' strategy
- b) that the strategy accurately reflects NCC's vision and direction of working effectively together both internally and with partners.

## 10 Commercialisation Update

10.1 The annexed report (10) by the Executive Director for Finance and Commercial Services was received.

The report provided the committee with an update of the council's commercial activities and also considered the scope for further commercial investment ideas to produce an income to contribute to the setting of a balanced budget.

The Cabinet Member for Commercial Services and Asset Management undertook a [presentation which is available on the committee's website pages](#).

10.2 In response to questions asked the committee discussed and noted the following:

- Although profit and rebates from Norse Group were very low in comparison to turnover this was due to the fact that Norse entered in to joint venture partnership working with other local government organisations and any resulting profit was split 50:50 with partners. In addition, many of Norse's activities were in sectors of narrow margins such as facilities management.
- Repton Property Developments added value to the land purchased from County Farms by engaging the process of farmland to residential house sales which often took a number of years to complete.
- It was suggested that the Council's target of net zero carbon emissions by 2030 could be helped by Repton Property Services to build houses that meet the highest energy efficient levels.
- It was suggested that Repton Property Services could look to the retro fit of energy efficiencies in housing to meet growing need both in social housing and the private sector.
- The need to drive a profit from Council owned companies such as Repton was paramount and that caution needed to be applied to ensure tax payers money was not being invested in risky endeavours.
- It was noted that Norwich City Council had lost money on some previous house building projects and this highlighted the risk involved.
- Norfolk Futures Limited ceased trading as it had lost money. It had installed and managed wind turbines located on County Farms land. It was considered at the time of closure that the council did not have the expertise to manage such an activity.

10.3 Cllr Price tabled a motion which was seconded by Cllr Colman. The following motion was **agreed** by the committee:

Corporate Select Committee ask the Executive Director of Finance and Commercial Services, together with the Cabinet Member for Commercial Services and Assets and the Chairman of the Select Committee to explore the viability and feasibility of the below proposals and bring a report back to the committee.

- Consider investment in renewable energy technologies that can generate a financial return for the council either / or in partnership with community energy groups like Norwich Community Solar, this would also benefit the local economy.
- Repton Property Services Ltd to consider the benefits of entering the retrofit market and consider providing renewal energy source for new building.
- Packaging up the decarbonisation requirements for the county into a prospectus for investors. (This may take some of the financial burden off the council. Bristol City Council have done this through their City Leap programme.)
- Leveraging procurement spend to deliver social value and environmental improvements, eg using PPN06/20 and PPN06/21. (This is in line with the aim of smarter working as it uses existing council resources to deliver better value and support the council's corporate aims)
- Raise capital for investing in renewable energy and energy efficiency projects through Community Municipal Investment Bonds (investment-based crowdfunding). This can help benefit the local economy.



## 11. Internal Carbon Price Guidance

- 11.1 The annexed report (11) by the Executive Director for Finance and Commercial Services was received. The report appends guidance on how to apply an internal carbon price in the assessment of option appraisals and included an update to the financial framework to reflect the guidance.
- 11.2 Ailis Wood, Policy Officer presented the report and advised that by using a carbon pricing mechanism in to the decision making process, carbon emissions can be determined to help achieve low carbon investment, In addition, investment decisions using carbon pricing can help the Council protect itself against rising energy prices and off setting costs as well as reducing the liability to possible future taxation on carbon emissions. If renewable investments are promoted carbon pricing could help reduce the Council's dependency on fossil fuels as well.
- 11.3 In response to questions from members the following points were discussed and noted:
- The figures used to value carbon as £248 per tonne of CO2 in 2022 rising to £378 per tonne of CO2 in 2050 are taken from the Government's own Green Book figures and are considered to be the most reliable data available.
  - Norfolk County Council is one of the first local authorities to adopt carbon pricing guidance in its decision making processes.
  - It is hoped that the pricing mechanism will be embedded in all decisions so officers don't consider this a standalone exercise. It was acknowledged that there might be much to learn as the process develops over the coming months and years.
  - The guidance does not apply to transport projects as the Department for Transport (DfT) has its own guidance which is accepted to be the lead data in the sector as most of the projects undertaken are funded partly or completely by the DfT.
  - It was thought that clarity of communication for both members and the wider general public was required to ensure that the carbon pricing and its reasoning in decision making was understood to as many people as possible.
- 11.4 The committee **agreed** to:
1. Endorse the appended guidance from the Executive Director of Finance and Commercial Services on using an internal carbon price.
  2. Recommend to Full Council the insertion in the Financial Regulations (section 2.9.4) of a requirement that Executive Directors must ensure that proposals are prepared in accordance with the carbon pricing guidance published by the Executive Director of Finance and Commercial services when making revenue and capital investment decisions.<sup>1</sup>
  3. Note the Capital bids scoring mechanism will be updated to include ecological priorities, including providing a higher weighting to bids that deliver a carbon reduction for Norfolk, which will be included within the proposed Capital Strategy taken to Full Council in February 2023.

## 12 Forward Work Programme 2022/23

- 12.1 The annexed note (12) by the Executive Director for Strategy and Transformation was received.
- 12.2 The committee **resolved to agree** the forward work programme. The Commercialisation item as agreed in item 10 will be placed on the programme once discussion with the relevant Executive Directors and Cabinet Member had taken place.

**Meeting concluded at 3.52 pm**

# **Corporate Select Committee**

**Item No:7**

**Report Title: Strategic and financial planning 2023-24**

**Date of Meeting: 14 November 2022**

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

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

## **Executive Summary**

The appended report, which was considered by Cabinet in October 2022, represents a key milestone in the Council's budget setting process for 2023-24. Cabinet has already sought Select Committee input into the 2023-24 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 2023-24 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.

This report therefore forms an important part of the process of developing the 2023-24 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 2022 (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 2023-24 as set out in Appendix 1, which fall within the Committee's remit.

3. To note the significant budget gap which remains to be closed for 2023-24 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 2023-24 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);
  - d. Commercialisation opportunities.

## **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 2023-24 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 May 2022, and in particular were invited to:
  - Note the overall Budget and Medium Term Financial Strategy position as reported to Cabinet in April 2022.
  - To consider and comment on the overall service strategies as set out within the 2022-23 Budget Book.
  - To consider and comment on the key issues for 2023-24 budget setting and the broad areas the Select Committee would recommend exploring for savings development.
- 1.2 Select Committee comments from the May 2022 meeting cycle were reported to Cabinet in July and October. Following the May Select Committee meetings, in July, Cabinet considered an initial list of savings proposals for 2023-24, totalling £13.007m. In October, Cabinet then considered a further £19.508m of proposals. Due to the timing and sequence of Select Committee meetings, there has not been an earlier opportunity for Select Committees to offer specific comments on the proposals set out in July, however Select Committees now have an opportunity to consider all of the detailed proposals, totalling £32.515m for 2023-24 in the round and following Cabinet's decisions about the package of measures to be consulted on.
- 1.3 This report therefore represents the key opportunity for Select Committees to provide input to 2023-24 budget setting and the Committee is invited to comment on the substantive proposals which have been developed and are currently undergoing public consultation.

- 1.4 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 April 2022 Cabinet reproduced as Appendix 1 provides an update on the financial planning context for the County Council, including:
- the 2023-24 Budget proposals which have been developed so far;
  - the proposed approach to public consultation on, and equality impact assessments of, the 2023-24 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 2023-24 budget setting and currently undergoing public consultation, and (2) further areas for savings development to bridge the remaining 2023-24 budget gap. The Committee's feedback will help shape budget and saving proposal development for 2023-24, assist in the identification of key pressures and priorities for the 2023-24 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 [2022-23 Budget Book](https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/budget-book-2022-26.pdf)<sup>1</sup>.

## **3. Impact of the Proposal**

- 3.1 Select Committee input will support in shaping budget proposals and thereby contribute to the 2023-24 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 2023-24. 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.

## **4. Evidence and Reasons for Decision**

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<sup>1</sup> <https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/budget-book-2022-26.pdf>

- 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 2023-24 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 2023-24 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, including the Strategic Review. 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:**

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 2022 (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 2023-24 as set out in Appendix 1, which fall within the Committee's remit.
3. To note the significant budget gap which remains to be closed for 2023-24 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 2023-24 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);
- d. Commercialisation opportunities.

## 11. Background Papers

11.1 As set out in the appended Cabinet paper, plus

Norfolk County Council Budget Book 2022-23 <https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/budget-book-2022-26.pdf>

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

Strategic and Financial Planning reports considered by Select Committees in May 2022 as follows:

- [Corporate Select Committee, 23/05/2022](#)
- [Infrastructure and Development Select Committee, 25/05/2022](#)
- [People and Communities Select Committee, 27/05/2022](#)

### Officer Contact

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

**Officer name:** Titus Adam

**Telephone no.:** 01603 222806

**Email:** [titus.adam@norfolk.gov.uk](mailto:titus.adam@norfolk.gov.uk)



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# Cabinet

**Decision making report title: Strategic and financial planning 2023-24**

**Date of meeting: 3 October 2022**

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

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

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

**If this is a key decision, date added to the Forward Plan of Key Decisions: 31 May 2022**

## **Introduction from Cabinet Member**

The County Council faces a very significant challenge and enormous uncertainty in developing the Budget for 2023-24. The scale of the Budget gap identified within the Medium Term Financial Strategy (MTFS) agreed by Full Council in February 2022 is one of the largest that the Council has sought to bridge, and there are simultaneously very severe headwinds in both the wider economy and public finances which will inevitably serve to increase the size of the Budget gap.

It is for this reason that Cabinet acted promptly to commence the Budget setting process for 2023-24 early, initiating the Strategic Review of the organisation, allocating saving targets to Departments in April (alongside setting out a two-phase approach to identifying proposals), and considering initial budget options in July 2022. This prompt start builds on the Council's existing well-established process for annual budget setting and 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 2023-24 Budget.

The Spending Review 2021 announcement on 27 October 2021 provided an outline of the funding available for local government until 2024-25 but was not accompanied by a longer term settlement for local government, and allowed for no growth in funding beyond the uplifts made for 2022-23. At the time of writing there are indications that the Government intends to hold a "fiscal event" (Emergency Budget) before the end of September, but the timetable for this, and whether it would provide significant further detail about local authority funding, remains unclear. In this context the timing of the Local Government Provisional Settlement for 2023-24, which will be crucial to provide

detailed information on individual council allocations, remains to be announced, but is unlikely to be before mid-December 2022.

It is in this climate of continuing uncertainty that the Council has developed proposals for the 2023-24 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 sought in April 2022 and intensive work therefore continues to identify further savings, including those options emerging from the Strategic Review. Nonetheless the proposals set out in this paper make a significant contribution towards the overall quantum of savings sought and provide a strong foundation which will enable the Cabinet to bring forward a package of balanced, sustainable budget proposals in January 2023. Ultimately this will enable the Council to continue to deliver the key services which are relied upon every day by so many of 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 approaches planned to enable further options to be brought forward in order to contribute to a balanced Budget being proposed for 2023-24.

## **Executive Summary**

The October Cabinet meeting is an important milestone in the process of developing the 2023-24 Budget, although work is required to identify further proposals that will support the development of a balanced Budget in January 2023 as described more fully within the body of the report.

This report provides an opportunity for Cabinet to consider the current 2023-24 Budget proposals prior to public consultation being undertaken, and in particular:

- details the 2023-24 Budget proposals which have been developed so far;
- summarises the proposed approach to public consultation on, and equality impact assessments of, the 2023-24 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 2022-23 and the Strategic Review Update report, both of which are included elsewhere on the agenda. Collectively, these three reports serve to provide an overview of the Council's current and future financial position and the proposed changes to the organisation which will form a key part of ensuring that a robust and sustainable Budget can be prepared.

As set out throughout this report, significant uncertainty remains around the planning position for 2023-24, and this report therefore also summarises the remaining steps required in the process leading to budget-setting in February 2023. Recognising the

scale of the budget gap to be addressed, the Budget planning process for 2023-24 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 in light of future government funding announcements, and as the scale of the impact of both social care reform announcements and any implications of the cost of living crisis on the Council become clearer. This will be reported to January 2023 Cabinet and considered by Scrutiny Committee as the budget setting process progresses to its conclusion at Full Council in February 2023.

Cabinet decisions based on the information in this report will ultimately help to support the development of a robust, balanced 2023-24 Budget for the Council.

## **Recommendations:**

Cabinet is recommended:

- 1. To consider and comment on the County Council's strategy as set out in section 2 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 2022, including any Emergency Budget, 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 2023-24 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 2023-24 Budget and Medium Term Financial Strategy, which remain to be resolved and which may have a material impact on budget planning (section 9).**
- 4. To direct Executive Directors to identify proposals for further recurrent Departmental savings to achieve the original target of £60.000m agreed in April 2022, for consideration by Cabinet in January 2023 and to support final 2023-24 Budget recommendations to Full Council.**
- 5. To note that, taking into account the significant emerging budget pressures for 2023-24, 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 2023-24;**
- 6. To note the responsibilities of the Executive Director of Finance and Commercial Services under section 114 of the Local Government Act 1988 and section 25 of the Local Government Act 2003 to comment on the robustness of budget estimates as set out in section 10 and the further**

actions which may be required to set a balanced budget as set out in paragraph 11.3;

7. To consider and agree the proposals as set out in sections 5 and 6 (Table 5 and Table 7) to be taken forward in budget planning for 2023-24, subject to final decisions about the overall Budget in February 2023, noting the level of savings already included from the 2022-23 Budget process (Table 4);
8. To note that proposals are also being developed via the Strategic Review running in parallel with the wider 2023-24 Budget process. Once fully developed, these will be incorporated into the final 2023-24 Budget presented to Cabinet in January 2023.
9. To note that consultation is being undertaken in respect of the proposal relating to the review of the mobile library services and the outcomes of this will be reported to a future meeting of Cabinet;
10. To agree that public consultation (as set out in section 12) and equality impact assessment (as set out in section 18) in relation to all other proposals for the 2023-24 Budget be undertaken as set out in section 12, and asking residents for their views on the level of council tax;
11. To note that the Head of Paid Service has the delegation to undertake any staff consultation relating to specific proposals as required to inform and support 2023-24 Budget setting decisions in January 2023;
12. To confirm the remaining next steps in the Budget planning process for 2023-24, and the Budget planning timetable (Appendix 1); and
13. To note and thank Select Committees for their input into the Budget development process for 2023-24 in May, and to invite Select Committees to comment further on the detailed proposals set out in this report when they meet in November 2022 (section 20).

## 1. Background and Purpose

- 1.1. In [April 2022, Cabinet](#) agreed the approach to Budget setting for 2023-24. Taking into account the £60m forecast gap for the year, Cabinet agreed to seek to find an initial £15m of proposals for July Cabinet in order to provide a robust foundation for Budget-setting. 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 2022-23 MTFS position and set out in the Council's [2022-23 Budget Book](#)<sup>1</sup>. As previously reported to Cabinet and described elsewhere in this report, there

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<sup>1</sup> <https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/budget-book-2022-26.pdf>

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continues to remain 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. Further details are set out later in this report in relation to the risks to the Budget and MTFS position (section 9).

**Table 1: Saving targets by Department**

<b><u>Savings Target</u></b>	<b>2023-24 Phase 1</b>	<b>2023-24 Phase 2</b>	<b>2023-24 Total</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2023-27 Total</b>	<b>Share</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>
Adult Social Services	6.700	18.400	<b>25.100</b>	9.700	5.600	8.500	<b>48.900</b>	42%
Children's Services	3.400	10.700	<b>14.100</b>	5.900	2.900	4.400	<b>27.300</b>	24%
Community and Environmental Services	3.500	11.200	<b>14.700</b>	6.100	3.000	4.400	<b>28.200</b>	24%
Strategy and Transformation	0.200	0.550	<b>0.750</b>	0.350	0.100	0.200	<b>1.400</b>	1%
Governance	0.100	0.550	<b>0.650</b>	0.250	0.100	0.200	<b>1.200</b>	1%
Finance and Commercial Services / Finance General	1.100	3.600	<b>4.700</b>	1.900	0.900	1.400	<b>8.900</b>	8%
	<b>15.000</b>	<b>45.000</b>	<b>60.000</b>	<b>24.200</b>	<b>12.600</b>	<b>19.100</b>	<b>115.900</b>	<b>100%</b>

1.2. In [July 2022, Cabinet](#) considered and agreed “Phase 1” budget proposals totalling £13.007m for 2023-24 against the target of £15.000m as summarised in the table below. Cabinet agreed to undertake public consultation over the summer in order to support in shaping the specific saving proposal to review Norfolk’s Mobile Library Service<sup>2</sup>, which would have service delivery implications. This consultation is now underway and the outcomes will be reported to a future meeting of Cabinet. Cabinet also agreed that public consultation in relation to all other proposals would be undertaken later in the year, alongside the consultation on any additional savings proposals brought forward for consideration by Cabinet at this meeting in October 2022. Full details of the Phase 1 proposals are set out in **Table 5** for reference.

<sup>2</sup> <https://norfolk.citizenspace.com/consultation/mobilelibraries/>

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**Table 2: Phase 1 saving proposals summarised by Department**

	<b>2023-24 Phase 1 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>	<b>2023-27 Total £m</b>
Adult Social Services	-6.460	2.400	-2.500	-2.000	<b>-8.560</b>
Children's Services	-3.185	1.250	0.000	0.000	<b>-1.935</b>
Community and Environmental Services	-2.112	-0.800	0.600	0.000	<b>-2.312</b>
Strategy and Transformation	-0.200	0.000	0.000	0.000	<b>-0.200</b>
Governance	-0.050	0.000	0.000	0.000	<b>-0.050</b>
Finance and Commercial Services / Finance General	-1.000	0.000	0.000	0.000	<b>-1.000</b>
	<b>-13.007</b>	<b>2.850</b>	<b>-1.900</b>	<b>-2.000</b>	<b>-14.057</b>

1.3. This October report now provides Cabinet with a further update on the progress towards identifying proposals to address the remaining 2023-24 target and the proposed approaches to tackling the remaining MTFS gap.

## **2. Strategic Context**

2.1. Over the past 12 months, Norfolk had started to make a strong post-Covid economic recovery. Now, however, the county is set to be hit by another sharp slowdown.

2.2. The Russian invasion of the Ukraine caused, and continues to represent, a major exogenous shock to an economy that has already been under strain from Covid related lockdowns, supply bottlenecks, labour shortages and rising energy prices. Inflation reached a new highpoint in July with the Bank of England expecting prices to continue to increase, driving a sharp fall in real household incomes and have a significant impact on people and families, particularly, but not limited to those experiencing financial or employment vulnerability.

2.3. This, in turn, could have a knock-on impact on demand for our services, particularly the 73,683 people in Norfolk who are known to NCC and classed as 'potentially vulnerable or vulnerable', and the estimated 95,000 households that are in fuel poverty.

2.4. To ease the strain on households, UK government introduced a £15 billion support package in May of this year followed by a cap on energy costs at £2500 per annum, announced by the Prime Minister in September 2022, expected to cost c.£150bn in public borrowing.

2.5. The cost of living is now expected to be 11.3% higher this financial year than last, with inflation peaking in the last quarter of this year at 13.1%. This 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, although a fall in imports implies that net trade alongside government spending should contribute to economic growth.

- 2.6. It is in these difficult times that the County Council cannot afford any complacency and working with its partners will have to deal with its own diminishing resources to support its most vulnerable people and communities and continue to provide wider public services.
- 2.7. The Council Strategy '[Better Together, for Norfolk 2021-2025](#)' is the key high-level document that, alongside the Medium Term Financial Strategy, sets the Council's strategic policy direction.
- 2.8. The four-year strategy, developed following broad engagement, sets out the Council's vision - to make the most of all that Norfolk has to offer, help improve the quality of life for every community, support businesses to be successful and make sure Norfolk is a place where people want to live, work and visit.
- 2.9. The strategy is structured around 5 key priorities which clearly demonstrate the organisation's level of ambition and intent to deal with key challenges:
1. **A vibrant clean and sustainable economy** – as well as growing the economy this is also about skills and creating high value jobs; growth and investment; infrastructure and digital connectivity.
  2. **Better opportunities for children and young people** – prioritising better opportunities for children and young people, raising educational attainment and creating better employment opportunities.
  3. **Healthy, fulfilling and independent lives** – supported by themes of levelling up health; Living Well; and Better Local Services.
  4. **Strong, engaged and inclusive communities** – a mix of urban, rural and coastal communities that we can support and empower.
  5. **A greener, more resilient future** – recognising our priorities for our physical environment and access to quality spaces and building community resilience.
- 2.10. As has been stated before, local government does not operate in a vacuum, and the Council must anticipate and respond to policy changes from Government, many of which are anticipated in the Council's strategy.
- 2.11. The ***Levelling Up and Regeneration Bill*** was published on 11 May. It is in this context and the language of 'breathing new life' into failing places, their economies, towns, and high streets, that the County Council increasingly has to position itself to secure essential future resources for the system as a whole.

Norfolk is one of nine areas invited to negotiate a County Deal – Government’s proposed mechanism to deliver sub-national devolution in England – and work on this has been ongoing for a number of weeks. The increased local powers, freedoms and flexibilities, and investment that a Deal will afford are significant, and will enable the County Council, its partners and Norfolk residents to have better outcomes and better value for money for their public services. It will also enable the Council to better tackle some of the fundamental challenges facing our communities through more effective local engagement and empowerment for residents.

- 2.12. Regardless of the underlying realities of ‘levelling up’ and the scale and scope of deprivation that exists in some of Norfolk’s city, towns, rural and coastal communities, it will increasingly be down to fiscal freedoms and flexibilities to enable places like Norfolk to leverage its economy to both fund its future and reduce demand on highly complex and complicated public services, as well the day to day universal services everyone relies on.
- 2.13. The ***Social Care Reform Health and Care Bill*** received Royal Assent on 4 May 2022. There have been several amendments made to the Bill as it has passed through the parliamentary process, with several requirements that need to be met before the regulations can come into effect. This will mean delay to the regulations and guidance being finalised and, hence some aspects of the reforms are yet unknown. However, it is expected that, unless there are changes to the three aspects of the reform, the cost pressure to the Council could exceed £100m. These remain assumptions and we continue to work with Government to understand the full implications.
- 2.14. In May 2022, the independent ***Children’s Social Care Review*** was published, and reflects many issues that councils have been raising for some time – including the need to invest further in early help for children and families, better support for kinship carers and making sure that we have the right homes for children in care, as well as ensuring better futures for those leaving care. The recommendations within the report will require significant funding to deliver and we will continue to engage with Government to provide the investment needed to reform services swiftly.
- 2.15. The ***SEND review: right support, right place, right time*** Green Paper sets out proposals to ensure that every child and young person has their needs identified quickly and met more consistently, with support determined by their needs, not by where they live. A single national SEND and alternative provision system that sets clear standards for the provision that children and young people should expect to receive, and the processes that should be in place to access it. Although Government have announced £70m to support the system, it is expected that there will be significant implications for schools and local authorities. At the same time, the ***Schools White Paper: Opportunity for all*** published in March 2022, sets out a vision that 90% of children leaving primary school will achieve the expected standard in reading, writing and maths, while secondary pupils will increase the national GCSE average grade in both



English language and in Maths to level 5. To achieve this, the paper documents the case for a fully trust-led system, economic benefits of meeting the whitepaper's ambitions, and a methodology for obtaining English language and Maths GCSEs. The Council will continue to work with schools to support this agenda, which is closely aligned with the objectives of the SEND Green Paper.

2.16. Continuing to drive the transformation of our organisation and its culture is key to enabling delivery against the four priority objectives. Our service transformation programmes and the Strategic Review of the organisation, which runs alongside those, collectively enable us to improve services and manage demand, making the Council more effective and efficient. In short, our change agenda will help us deliver better outcomes for residents for less money. Our areas of focus for transformation include service redesign, improving our approach to prevention and early help, driving improvements in customer experience, organisational culture, and use of digital and data. Recognising our commitment to no one left behind, the Council is also going to deliver a refreshed agenda for Equality, Diversity, and Inclusion to enable the Council to become more inclusive, bringing strength through difference.

2.17. We cannot stand still. The relationship between delivering our core services and our transformation programmes is key and represents a continuous cycle of change and improvement with each informing the other.

### **3. Financial Context – Government Funding**

3.1. Although a number of announcements have been made including the Energy Price Guarantee<sup>3</sup>, there remains significant uncertainty about what the detailed policy and funding direction to be adopted by the new Government will be. The new Prime Minister has in particular signalled an intention to allocate funding to support social care and to scrap the health and social care levy<sup>4</sup>. Both of these would have implications for the Council's budget, if implemented.

3.2. Notwithstanding these, at present the most recent source of information remains the Government's announcement of the outcomes of the Spending Review 2021 (SR21) which was made alongside the Autumn Budget 2021 on 27 October 2021. SR21 set out allocations of funding for Government departments for the period to 2024-25. However, the Department for Levelling Up, Housing and Communities (DLUHC) did not translate this into a longer term Local Government Finance Settlement, instead announcing only a one-year allocation for 2022-23. As such, the Council currently has no concrete information to inform estimates of government funding levels for the 2023-24 Budget planning although the working assumption is that there will be some form of rollover settlement announced for 2023-24. There are also indications

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<sup>3</sup> <https://www.gov.uk/government/publications/energy-bills-support/energy-bills-support-factsheet-8-september-2022>

<sup>4</sup> <https://www.lgcplus.com/services/health-and-care/truss-pledges-to-allocate-13bn-to-social-care-05-08-2022/>

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that DLUHC may seek to provide a two-year settlement this year, covering both 2023-24 and 2024-25 but this remains to be seen.

3.3. It has been suggested that the Government will seek to hold a “Fiscal Event” (assumed to be an Emergency Budget) before the end of September with indications that this will take place on Friday 23 September (after the publication of this report)<sup>5</sup>. 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 2023-24. Any fiscal and policy decisions announced by the Government in autumn 2022 are likely to have implications for the County Council’s budget planning position. The outcome of these national funding announcements, alongside the Local Government Finance Settlement, will therefore have potentially significant impacts on the 2023-24 Budget position, which will not be fully known until later in the budget setting process. If available in time, any key implications from an announcement in September will be reported to Cabinet via a supplementary paper or verbal update as appropriate.

## 4. Medium Term Financial Strategy and assumptions

4.1. At the time of setting the Medium Term Financial Strategy in February 2022, the Council adopted the following key assumptions, described more fully in the [April report to Cabinet](#):

- A balanced outturn position for 2021-22 and successful delivery of all existing planned savings proposed and included for 2022-23 (£45.793m over the MTFS period).
- Government funding rollover into 2023-24, including Settlement Funding (RSG, business rates), Rural Services Delivery Grant, Social Care Grant, Better Care Fund / improved Better Care Fund, Public Health Grant and [critically] the one-off 2022-23 “Services Grant”.
- Cost pressures for 2023-24 including:
  - 3% for pay inflation in 2023-24 to 2026-27.
  - Non-pay inflation in line with contractual rates or CPI forecasts where appropriate totalling £12.8m in 2023-24.
  - Demographic growth pressures for Adults, Childrens, Waste totalling £21.2m in 2023-24.
  - The High Needs Block overspend and brought forward DSG deficit position can continue to be treated in line with the accounting treatment set out by Government, and as such places no pressure on the “core” Council budget.
  - Assumed increases in council tax over the MTFS period of 1.99% for general council tax in all years and 1.00% for the Adult Social Care precept (up to 2025-26).

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<sup>5</sup> <https://www.bbc.co.uk/news/uk-politics-62917548>

4.2. A number of these assumptions now need to be revisited as described more fully in section 9 of this report. The gap based on these assumptions reflected:

**Table 3: Updated Medium Term Financial Strategy 2023-24 to 2026-27**

	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b><u>Growth Pressures</u></b>					
Economic and inflationary	22.119	23.016	23.016	23.670	<b>91.821</b>
Legislative requirements	16.225	6.760	-0.200	0.000	<b>22.785</b>
Demand and demographic	21.270	17.050	11.650	11.000	<b>60.970</b>
Policy decisions	36.234	2.821	-1.732	0.124	<b>37.447</b>
Funding decreases	1.833	0.000	0.000	0.000	<b>1.833</b>
<b><u>Savings and funding increases</u></b>					
Identified savings	-9.159	-8.200	0.000	0.000	<b>-17.359</b>
Funding increases	-9.936	0.000	0.000	0.000	<b>-9.936</b>
Council tax changes	-18.660	-17.327	-20.104	-15.658	<b>-71.749</b>
<b>Forecast Gap (Surplus)/Deficit</b>	<b>59.927</b>	<b>24.120</b>	<b>12.630</b>	<b>19.137</b>	<b>115.814</b>

4.3. The MTFS includes existing savings to be delivered of £9.159m for 2023-24. These break down as shown in the table below. New proposals set out in this report are in addition to these planned and identified savings.

**Table 4: Existing MTFS savings planned for 2022-23 to 2025-26 by Department**

	<b>2022-23 £m</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2022-26 £m</b>
Adult Social Services	-10.465	-4.175	-5.700	0.000	<b>-20.340</b>
Children's Services	-12.088	-4.900	-2.500	0.000	<b>-19.488</b>
Community and Environmental Services	-3.496	-0.236	0.000	0.000	<b>-3.732</b>
Strategy and Transformation	-0.439	0.102	0.000	0.000	<b>-0.337</b>
Governance	-0.200	0.100	0.000	0.000	<b>-0.100</b>
Finance and Commercial Services	0.134	-0.300	0.000	0.000	<b>-0.166</b>
Finance General	-1.880	0.250	0.000	0.000	<b>-1.630</b>
<b>Savings total</b>	<b>-28.434</b>	<b>-9.159</b>	<b>-8.200</b>	<b>0.000</b>	<b>-45.793</b>

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 2022, further significant revenue budget pressures are beginning to emerge in relation to items such as energy prices, pay awards, and general inflation which are alongside more “normal” pressures such as the National Living Wage. Further details of these are provided in Section 9. This overall increasing gap position also 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 demographic changes, unfunded burdens, policy decisions, and the needs of vulnerable social care users becoming increasingly complex.

## **5. Proposals agreed by Cabinet in July 2022**

- 5.1. The table below sets out details of the savings proposals considered by Cabinet and agreed for inclusion in Budget planning in July 2022. With the exception of the proposal relating to the Review of Mobile Libraries, the proposals listed in **Table 5** will now be subject to Equality Impact Assessment and public consultation, which will collectively inform Cabinet’s recommendations on the full Budget package in January 2023, and Full Council decision-making on the Budget in February 2023.

**Table 5: Detailed Budget savings proposals 2023-24 – Phase 1 (Considered by Cabinet in July 2022)**

Dept	Saving Proposal	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m	Total £m
ASS	Connecting Communities: Recognising additional benefits from our existing savings programme. Linked to our existing saving ASC018 and 2223ASS030	-2.360	-0.600	-2.500	-2.000	<b>-7.460</b>
ASS	One-off usage of ASC Reserves	-3.000	3.000	0.000	0.000	<b>0.000</b>
ASS	Working with partners to fully recover the costs of integrated services	-0.200	0.000	0.000	0.000	<b>-0.200</b>
ASS	Expansion of Self Directed Support. Recognising additional benefits from our existing savings programme. Linked to our existing saving 2223ASS034	-0.300	0.000	0.000	0.000	<b>-0.300</b>
ASS	Double up care reviews. Recognising additional benefits from our existing savings programme. Linked to our existing saving 2223ASS038	-0.600	0.000	0.000	0.000	<b>-0.600</b>
CS	Expansion of CHS007: Inclusion (Home to School Transport) – extension of existing activity focussed on providing education more locally, supporting inclusion, supporting independent travel where that is right for the child, and commissioning transport most efficiently.	-0.935	0.000	0.000	0.000	<b>-0.935</b>
CS	Expansion of CHS002: Alternatives to care (New Roads)	-1.000	0.000	0.000	0.000	<b>-1.000</b>
CS	Withdrawing from Professional Development Centre (PDC) building	-1.250	1.250	0.000	0.000	<b>0.000</b>
CES	Business Rates Pool – forecast income over £2m	-0.600	0.000	0.600	0.000	<b>0.000</b>
CES	Review charges for events on the Highway	-0.075	0.000	0.000	0.000	<b>-0.075</b>

Dept	Saving Proposal	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m	Total £m
CES	Reducing weedkilling on highway network to a single treatment	-0.130	0.000	0.000	0.000	<b>-0.130</b>
CES	Flood Prevention Funding – capitalise relevant activity previously funded from revenue budgets	-0.120	0.000	0.000	0.000	<b>-0.120</b>
CES	Civil Parking Enforcement – future back office efficiencies	-0.100	0.000	0.000	0.000	<b>-0.100</b>
CES	Strategic salt storage facility at Ketteringham Depot	-0.045	0.000	0.000	0.000	<b>-0.045</b>
CES	Waste reduction initiatives: reduced funding	-0.050	0.000	0.000	0.000	<b>-0.050</b>
CES	Recycling Centres: contract efficiencies	-0.050	0.000	0.000	0.000	<b>-0.050</b>
CES	Closed landfill: capitalise borehole installations	-0.030	0.000	0.000	0.000	<b>-0.030</b>
CES	Roll out of on street parking charges <sup>6</sup>	-0.200	-0.800	0.000	0.000	<b>-1.000</b>
CES	Winter Maintenance – operational delivery efficiencies	-0.100	0.000	0.000	0.000	<b>-0.100</b>
CES	Review of Norfolk's Mobile Library Service <sup>7</sup>	-0.200	0.000	0.000	0.000	<b>-0.200</b>
CES	Norfolk Record Office – reduction in opening hours and income generation	-0.022	0.000	0.000	0.000	<b>-0.022</b>
CES	Reduce funding to the Norfolk Windmills trust	-0.020	0.000	0.000	0.000	<b>-0.020</b>
CES	Recycling Centres: harmonise summer opening hours at recycling centres	-0.070	0.000	0.000	0.000	<b>-0.070</b>
CES	Recycling Centres: Wednesday closures	-0.200	0.000	0.000	0.000	<b>-0.200</b>
CES	Business Support review	-0.100	0.000	0.000	0.000	<b>-0.100</b>

<sup>6</sup> Consultation will be undertaken with specific areas impacted prior to any implementation

<sup>7</sup> The proposal to undertake a review of Norfolk's Mobile Library Service is subject to a consultation:

<https://norfolk.citizenspace.com/consultation/mobilelibraries/>, it is therefore not proposed that it will form part of the budget consultation in October 2022.

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Dept	Saving Proposal	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m	Total £m
S&T	Expansion of professional leads: Centralise and control spend on communications. This would include paid staff and non-pay procurement across the organisation	-0.100	0.000	0.000	0.000	<b>-0.100</b>
S&T	Expansion of professional leads: Work with other departments to agree the Council's desired level of activity and overall number of analysts required	-0.100	0.000	0.000	0.000	<b>-0.100</b>
GOV	Increase in Registrars income	-0.050	0.000	0.000	0.000	<b>-0.050</b>
FCS / FG	Repton Property Developments Ltd dividend: Recognise an income budget from Repton Property Developments Ltd following successful commercial activity. Following the launch of the company and a period of development and growth, Repton is now expected to be in a position to deliver a dividend to the County Council of around £1m in 2023-24 and on an ongoing basis annually.	-1.000	0.000	0.000	0.000	<b>-1.000</b>
		<b>-13.007</b>	<b>2.850</b>	<b>-1.900</b>	<b>-2.000</b>	<b>-14.057</b>

5.2. The following key issues in relation to the proposals set out in **Table 5** (previously identified in July) remain relevant:

- Public consultation has been undertaken over the summer in order to seek the public's views about the proposed saving from a review of mobile library provision. The outcomes of this consultation will inform the redesign of the service and development and total value of any saving to be ultimately proposed to Cabinet in January 2023.
- A number of the other proposals set out in **Table 5** will also require public consultation, (for example, closure on Wednesday of Household Waste Recycling Centres (HWRCs) and reducing hours of the Norfolk Record Office). It was agreed in July that public consultation on these, and all other proposals (with the exception of mobile libraries), should be undertaken in October, alongside the consultation on the additional savings proposals brought forward for consideration by Cabinet in this report.
- The saving proposal relating to withdrawing from the Professional Development Centre (PDC) reflects the fact that Children's Services has conducted a review of its property portfolio and the analysis from that work has determined that the functions currently delivered at the Professional Development Centre could, in future, be delivered from alternate locations and, as such, the site can be released from its current use. The saving equates to the assumed capital receipt from the disposal of the site. A one-off revenue saving would only be achieved if (1) the site were declared surplus to requirements by Members following consideration and recommendation by the Corporate Property Steering group, and (2) this receipt were then to be applied to fund transformation activity of an equivalent value.

## **6. New proposals for Cabinet consideration October 2022**

6.1. Work has been undertaken over the summer in order to develop further proposals to contribute to closing the 2023-24 Budget gap. These new proposals total £19.508m and are summarised in the table below.



**Table 6: Phase 2 saving proposals summarised by Department**

	<b>2023-24 Phase 2 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>	<b>2023-27 Total £m</b>
Adult Social Services	-11.655	2.000	0.000	0.000	<b>-9.655</b>
Children's Services	-1.773	0.050	0.050	0.000	<b>-1.673</b>
Community and Environmental Services	-2.875	0.916	-0.030	0.000	<b>-1.989</b>
Strategy and Transformation	-0.050	0.050	0.000	0.000	<b>0.000</b>
Governance	-0.025	0.000	0.000	0.000	<b>-0.025</b>
Finance and Commercial Services / Finance General	-3.130	0.000	0.000	0.000	<b>-3.130</b>
	<b>-19.508</b>	<b>3.016</b>	<b>0.020</b>	<b>0.000</b>	<b>-16.472</b>

6.2. The following table provides further details of these proposals which are recommended for inclusion in the 2023-24 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 2023, and Full Council decision-making on the Budget in February 2023.

**Table 7: Detailed Budget savings proposals 2023-24 – Phase 2 (For consideration by Cabinet in October 2022)**

<b>Dept</b>	<b>Saving Proposal</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>	<b>Total £m</b>
ASS	One-off usage of ASC Reserves: Additional one-off usage of ASC Reserves (reprioritisation).	-2.000	2.000	0.000	0.000	<b>0.000</b>
ASS	Reduction in staff travel costs: Post pandemic, staff travel has not returned to the level seen in previous years. This proposal reflects the changing pattern of spend.	-0.300	0.000	0.000	0.000	<b>-0.300</b>
ASS	Review of budget assumptions: Removal of cost pressures previously assumed in the Adult Social Care budget which are no longer expected to be required.	-2.000	0.000	0.000	0.000	<b>-2.000</b>
ASS	Review of budget assumptions: Reprioritised Better Care Fund (BCF) and Improved Better Care Fund (iBCF) investment.	-1.855	0.000	0.000	0.000	<b>-1.855</b>
ASS	Review of service levels and demand post pandemic: Targeted interventions relating to the Adult and Older Care Budgets – getting it right first time.	-3.000	0.000	0.000	0.000	<b>-3.000</b>
ASS	Transformation of Physical Disabilities Services: Delivering improved choice and independent outcomes for people with a Physical Disability.	-1.500	0.000	0.000	0.000	<b>-1.500</b>
ASS	Review of budget assumptions: Utilising alternative funding sources to maintain ASC Prevention Services	-1.000	0.000	0.000	0.000	<b>-1.000</b>
CS	Review of service levels and demand post pandemic: Not restarting activities where there is no longer demand nor economic viability.	-0.016	0.000	0.000	0.000	<b>-0.016</b>

Dept	Saving Proposal	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m	Total £m
CS	Changes in ways of working post pandemic: Reduction in the Early Years Training Budget as a result of the move towards a digital training offer.	-0.200	0.000	0.000	0.000	<b>-0.200</b>
CS	Contract efficiencies: Efficiency savings through reducing management roles and one-off inflationary savings	-0.156	0.050	0.050	0.000	<b>-0.056</b>
CS	Review of budget assumptions: Additional Supporting Families base funding offsetting the need for NCC funding for Family Support teams.	-0.476	0.000	0.000	0.000	<b>-0.476</b>
CS	Review of budget assumptions: Additional Supporting Families income due to ongoing successful outcomes resulting in maximum performance by results income.	-0.235	0.000	0.000	0.000	<b>-0.235</b>
CS	Review of budget assumptions: Review of mainstream Post 16 transport policy and subsidies.	-0.100	0.000	0.000	0.000	<b>-0.100</b>
CS	Review of legal costs: Ensuring the right level of external legal expertise is utilised	-0.050	0.000	0.000	0.000	<b>-0.050</b>
CS	Review of service levels and demand post pandemic: Right sizing of the Early Years Sustainability Fund to reflect the level of demand seen in recent years	-0.100	0.000	0.000	0.000	<b>-0.100</b>
CS	Revision to NPLaw Model: Alternative arrangement expected to deliver savings for Children's Services	-0.200	0.000	0.000	0.000	<b>-0.200</b>
CS	Withdrawing from the PDC Building: Revenue implications	-0.100	0.000	0.000	0.000	<b>-0.100</b>
CS	Review of all Children's Services grants: Review to determine grants which can be ceased or reduced	-0.140	0.000	0.000	0.000	<b>-0.140</b>

Dept	Saving Proposal	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m	Total £m
CES	Budget reduction: Reduction of Arts Projects Grants and reduction in the Strategic Fund	-0.010	0.000	0.000	0.000	<b>-0.010</b>
CES	One-off usage of CES Reserves	-1.000	1.000	0.000	0.000	<b>0.000</b>
CES	Restructure of the Museums Service <sup>8</sup>	-0.157	-0.094	-0.030	0.000	<b>-0.281</b>
CES	Review of budget assumptions: Removal of growth and cost pressures previously assumed in the Community and Environmental Services budget which are no longer expected to be required.	-1.211	0.000	0.000	0.000	<b>-1.211</b>
CES	Review of fees and charges: Review of fees and charges across Highways and Waste budgets to ensure charging is at the right level and introduce new charges in line with other local authorities where appropriate.	-0.290	0.000	0.000	0.000	<b>-0.290</b>
CES	Review of Highways and Waste budgets: Reviewing service levels, budget requirements and demand, contract efficiencies, capitalisation and deletion of vacant posts.	-0.207	0.010	0.000	0.000	<b>-0.197</b>
S&T	One-off usage of S&T Reserves	-0.050	0.050	0.000	0.000	<b>0.000</b>
GOV	Increase in Registrars' Income	-0.025	0.000	0.000	0.000	<b>-0.025</b>
FCS/FG	Review of budget assumptions: Additional dividend income expected from ESPO.	-0.180	0.000	0.000	0.000	<b>-0.180</b>
FCS/FG	Review of budget assumptions: Additional Norse rebate income expected.	-0.450	0.000	0.000	0.000	<b>-0.450</b>

<sup>8</sup> Proposal to deliver efficiencies within the service, this does not relate to changes in the level or type of services provided.

Dept	Saving Proposal	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m	Total £m
FCS/FG	Review of budget assumptions: Review of pension pressures previously assumed in the budget which are no longer expected to be required.	-2.000	0.000	0.000	0.000	<b>-2.000</b>
FCS/FG	Review of budget assumptions: Review of Treasury Management budgets to reflect higher interest rates achieved on investment and treasury management activity.	-0.500	0.000	0.000	0.000	<b>-0.500</b>
		<b>-19.508</b>	<b>3.016</b>	<b>0.020</b>	<b>0.000</b>	<b>-16.472</b>

6.3. The total new savings identified to date as part of the 2023-24 Budget process are £32.515m as shown in the table below. This reflects the combined proposals from Phase 1 (July) and Phase 2 (October) but **does not incorporate any proposals from the Strategic Review at this point.**

**Table 8: Total new saving proposals summarised by Department as at October 2022**

	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>	<b>2023-27 Total £m</b>
Adult Social Services	-18.115	4.400	-2.500	-2.000	<b>-18.215</b>
Children's Services	-4.958	1.300	0.050	0.000	<b>-3.608</b>
Community and Environmental Services	-4.987	0.116	0.570	0.000	<b>-4.301</b>
Strategy and Transformation	-0.250	0.050	0.000	0.000	<b>-0.200</b>
Governance	-0.075	0.000	0.000	0.000	<b>-0.075</b>
Finance and Commercial Services / Finance General	-4.130	0.000	0.000	0.000	<b>-4.130</b>
	<b>-32.515</b>	<b>5.866</b>	<b>-1.880</b>	<b>-2.000</b>	<b>-30.529</b>

6.4. 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 2023. At this stage, the following proposals have been identified as requiring specific public consultation:

- Norfolk Record Office - reduction in opening hours and income generation
- Recycling Centres: harmonise summer opening hours at recycling centres
- Recycling Centres: Wednesday closures
- Reducing weedkilling on highway network to a single treatment
- Review of budget assumptions: Review of mainstream Post 16 transport policy and subsidies.

6.5. For the avoidance of doubt, no final decisions on the implementation of proposals will be made until February 2023 when the County Council considers the Cabinet's proposed Budget for 2023-24, including the findings of public consultation and equality impact assessments.

## 7. Council tax and Adult Social Care precept

- 7.1. As set out above, the MTFS approved by Full Council in February 2022 assumes a council tax increase of 2.99% (1.99% general council tax and 1.00% Adult Social Care precept). At the Spending Review 2021, the Government announced that it intended to set the referendum thresholds for 2022-23 to 2024-25 for core council tax at 2%, and offer further flexibility to raise the Adult Social Care (ASC) precept by 1% in each year. However the referendum threshold is formally reviewed and set annually and the Government has not at this stage confirmed the referendum threshold for 2023-24.
- 7.2. 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.
- 7.3. If the threshold were anything other than 3%, every 1% change in council tax would equate to approximately £4.7m of additional income (reduced gap) or pressure (increased gap). If Government allows a council tax increase above this level, after reviewing the currently available information, **the Section 151 Officer anticipates recommending that Members agree the maximum council tax increase available within the referendum threshold and that this would be a key element of setting a balanced 2023-24 Budget and establishing a robust MTFS position.** The level of council tax will therefore be a key part of the 2023-24 Budget setting discussions, and this report recommends that Cabinet seek to retain maximum flexibility by undertaking public consultation on the full range of options available for 2023-24, once these are known.
- 7.4. 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 Executive Director of Finance and Commercial Services 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 monitoring position in the current year, 2022-23;

- consideration of the robustness of the Council's overall 2023-24 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 2022-23 Budget and in the emerging 2023-24 Budget which will need to be addressed over the MTFS.
- the considerable remaining uncertainty around risks, funding and cost pressures in 2023-24 and beyond.

7.5. 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 2023 as part of the annual Member decision making process on the Budget.

## 8. Impact of the Proposals

8.1. This paper sets out details of progress in the Council's Budget planning process for 2023-24 and in particular includes further saving proposals which are expected to form part of the Council's 2023-24 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 2023-24;
- set the context for public consultation on and equality impact assessments of the 2023-24 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 2023-24 budget process; and
- determine the next steps which will ultimately contribute to the Council setting a balanced budget for 2023-24.

## 9. Risks to Budget and MTFS position

9.1. Since the development of the 2022-23 Budget and MTFS in February 2022, a number of further significant risks have emerged which will impact upon both the 2022-23 budget position and increase the £60m gap identified for 2023-24. At this point, these have **not** been reflected within Departmental service targets for 2023-24 as they remain subject to significant uncertainty.

9.2. Key risks include:

- **2022-23 forecast outturn** – The monitoring position for 2022-23, reported elsewhere on this agenda, currently indicates an overall overspend of

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£4.735m as at August 2022, period 5. This includes an underlying overspend of £5m within Children's Services budgets and is prior to the impact of any 2022-23 pay award. The extent to which planned 2022-23 savings are delivered, overspend can be mitigated in a sustainable ongoing manner, and a balanced outturn overall for 2022-23 achieved, will have a material impact on the level of gap that ultimately needs to be addressed for the 2023-24 Budget.

- **Inflation (pay)** – The employers' latest pay offer for 2022-23 is a flat rate £1,925 increase for all employees. This is now assumed to be the minimum outcome and represents a pressure over and above the 3% provided for at the time of setting the 2022-23 Budget. The pressure from the 2022-23 pay offer is estimated as at least £7.600m and represents both an in-year (2022-23) issue and an additional pressure to be addressed in 2023-24 Budget setting. The extent to which the pressure over the 3% allowed can be absorbed in 2022-23 within existing service budgets will need to be considered as the year progresses and further monitoring information is available. There is in addition very significant uncertainty about the adequacy of assumptions about pay increases for 2023-24 onwards (currently 3% assumed), 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 £3.000m.
- **Inflation (non-pay)** – The adequacy of assumptions about inflation in the MTFS position need to be re-examined. Inflation in 2022-23 is significantly above the level assumed at the time of Budget setting and forecasts for 2023-24 are in some cases now as high as 18%. This will particularly impact on energy and fuel budgets, but will have wider implications 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 will contribute to an increase in the 2023-24 gap.
- **Adult Social Care reform** – As part of the national reform of Adult Social Care, Government committed to invest funding of £5.4bn over the period of 2022-25. The majority of this funding is attached to new/amended requirements on Local Authorities, and as such, there is significant uncertainty around the sufficiency of this funding and its distribution. 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. This is proposed to change from October 2023 and the Government is currently consulting on the distribution methodology for the 2023-24 funding associated with this change. Initial forecasts indicate that this could result in a funding allocation in the range of £15-17m, and work is underway to assess the extent to which this will cover this change locally. 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. Government have not announced the local funding distribution to implement this change, with the funding to be distributed as part of the

wider Local Government Financial Settlement. Much like the charging policy changes, the assumptions used to build the national funding levels announced relating to FCoC have been questioned by those representing the sector. We continue to work with Government to understand the full implications and at this time, as it does for most Local Authorities, it still remains a significant uncertainty in our budget planning.

- **Dedicated Schools Grant deficit recovery** – The Council is engaged in negotiations with the DfE as part of the Government’s “Safety Valve” programme. The aim of this process is to agree a DSG deficit recovery plan to eliminate the historic DSG deficit and ultimately to bring the in-year DSG budget into balance. If successfully agreed, the DfE will make a material financial contribution to addressing the deficit, but a contribution within the Council’s revenue budget over the term of the MTFS is also likely to be required. This would potentially have implications for the 2023-24 gap and / or the availability of other mitigating options to support a balanced Budget being agreed.
- **Government funding announcements and associated assumptions** –
  - The MTFS has made assumptions about the continuation of certain elements of the 2022-23 funding settlement, including in particular that there will be a repeat of the “one-off” 2022-23 Services Grant allocation of £10.687m. If this allocation is not maintained in the 2023-24 settlement, it will further increase the 2023-24 gap position.
  - There remains significant uncertainty about the Fair Funding Review (and more generally) the 2023-24 settlement as described elsewhere in this report. A consultation on the Fair Funding Review was expected “shortly” but has been repeatedly delayed and is likely to be dependent on the new Government’s priorities. Given the restrictions of the parliamentary timetable, Spending Review timescales and the significant impacts that implementation Fair Funding could have across the local government sector, 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 2023-24 Provisional Settlement until early December at best.
  - There is significant uncertainty around the level of funding and associated cost pressures for social care reform as set out above. It is unclear the extent to which this will cover the new burdens which will accompany the reforms to the system.

9.3. 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 9: Sensitivity analysis 2023-24 Budget**

Change	Impact £m
Additional income from scope to raise Adult Social Care Precept by further 1%	-4.700
Potential pressure from 2022-23 savings (assuming 20% non-delivery)	5.700
Potential pressure from 2023-24 planned savings feasibility review (assuming 20% unachievable)	1.800
Potential pressure from change in tax base growth +/-1%	+/-4.700
Approximate ASC pressure from every 1p increase in National Living Wage	+0.270
Impact of varying pay award assumptions +/- 1%	+/-3.000
Energy and fuel inflation 2023-24	+£5.000

9.4. 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 £60m.** 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 £60.000m gap) can be mitigated through a range of measures including improved business rates income, the MRP (Minimum Revenue Provision) budget requirement, options for the application of capital receipts, 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 2023-24. Additional certainty will be provided when Government publishes details of 2023-24 funding.

## **10. Robustness of the Budget and compliance with the Financial Management Code**

10.1. The Executive Director of Finance and Commercial Services is required by section 114 of the Local Government Finance Act 1988 to report to Members if it appears that the expenditure the authority proposes to incur in a financial year is likely to exceed the resources available to it to meet that expenditure. In addition, duties under section 25 of the Local Government Act 2003 establish a requirement to report on the robustness of the estimates made for the purposes of the calculation of the precept (and therefore in agreeing the County Council's budget).

10.2. As a result, these duties require a professional judgement to be made by the Executive Director of Finance and Commercial Services as the officer ultimately responsible for the authority's finances. The Executive Director takes

a view of the robustness of the Council's budget across the whole period covered by the Medium Term Financial Strategy and this will be fully reported to Members as part of the budget setting process in February 2023.

10.3. At this stage of the budget setting process, and with reference to the new saving proposals developed for 2023-24 and set out in this report, the initial assessment by the Executive Director of Finance and Commercial Services in relation to this duty is that it will be possible to propose a balanced budget for 2023-24, 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 2023-24 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 2022-23 indicates an overspend outturn position, although work is underway 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 Executive Director of Finance and Commercial Services 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 2024-25 and future years, subject to the level of one-off options required to balance the 2023-24 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 2023-24, expected in December 2022.

10.4. 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 2023 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.

10.5. Taking the above into account, the Executive Director of Finance and Commercial Services' current advice is that the Council needs to continue to develop the 2023-24 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 2023-24 to meet the

original target of £60.000m set out in April 2022. This will need to be undertaken in November / December and reported to Cabinet in January 2023. The overall Budget position will be kept under review as budget planning continues through the remainder of the year. As part of setting the 2023-24 Budget, the Executive Director of Finance and Commercial Services will also consider the adequacy of the overall General Fund balance, the need for a general contingency amount within the revenue budget, uncertainty about Government funding, other areas of risk including the wider economic climate, and the Council's wider value for money position.

- 10.6. As in previous years, the 2023-24 Budget needs to be prepared with reference to the Financial Management Code (the FM Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The FM Code provides guidance about the principles of good and sustainable financial management, and requires authorities to demonstrate that processes are in place which satisfy these principles. It identifies risks to financial sustainability and sets out details of a framework of assurance which reflects existing successful practices across the sector. In addition, the Code establishes explicit standards of financial management, and highlights that compliance with these is the collective responsibility of elected members, the chief finance officer and the wider Corporate Board. Further details of how the Council considers it achieves compliance with the FM Code will be set out in the February Cabinet Budget report.

## **11. Next steps and approach to addressing the remaining gap**

- 11.1. The overarching timetable for 2023-24 as agreed by Cabinet in April is reproduced at Appendix 1 of this report. This has been updated to reflect the fact that the Council will be undertaking further rounds of Budget Challenge in December to enable and inform a full suite of budget proposals to be presented to Cabinet in January 2023.
- 11.2. If the proposals identified in this report, totalling £32.515m, are incorporated into the budget planning process, there remains a forecast gap of approximately £27m to be addressed. Further measures to contribute to the development of a balanced budget for 2023-24 are expected to be brought forward under the following key areas:
- Strategic Review proposals, as outlined in the separate report to this Cabinet meeting, will be incorporated into Budget planning when they are fully developed – For 2023-24, these additional budget proposals are being developed in parallel to the more usual budget-setting process as part of the Strategic Review of the organisation. Proposals arising from the Strategic Review will ultimately be incorporated into the final Budget in January 2023 for Cabinet to consider and recommend to Full Council for the February Budget meeting.
  - Services examining the impact of changes including Children's Social Care reform and Adult Social Care reform for any opportunities

- Government funding announcements including the Local Government Finance Settlement and council tax referendum thresholds for 2023-24
- Corporate finance options – including the flexible use of capital receipts
- Fourth round of Budget Challenge in December 2022, to provide an opportunity to review additional specific savings proposals brought forward by services.

11.3. 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 material reduction in the future capital programme.
- A review of all non-essential expenditure.

11.4. The Government has not yet confirmed the council tax referendum principles for 2023-24, including whether there will be a continuation of the adult social care (ASC) precept beyond 2022-23. The Council's current planning assumes a council tax increase of 2.99% including 1% 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 to raise council tax for 2023-24 it is likely that this would be the recommendation of the Section 151 officer to support the delivery of a robust and sustainable budget.

## **12. Proposed consultation process for 2023-24 budget**

12.1. The Medium Term Financial Strategy for 2023-24 agreed in February 2022 assumed that core council tax will increase overall by 1.99%, and that the Adult Social Care precept will be increased by 1% (these referendum thresholds have not yet been confirmed for 2023-24). The report also set out that if the referendum threshold were increased in the period 2023-24 to 2025-26 to above 1.99%, or any further discretion were offered to increase the Adult Social Care precept (or similar), then it is likely that the Section 151 Officer would recommend the council take full advantage of any flexibility in view of the council's overall financial position.

12.2. The Government has not yet announced the referendum thresholds for 2023-24 onwards. These may be confirmed either within any technical consultation on local government funding, at a fiscal event (Budget or Spending Review), 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 range of potential

council tax and adult social care increases including 2.99% (as per MTFS assumptions) and to cover the full range of council tax options available, in order to support Member decision making in February 2023. 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.

- 12.3. We will publish our budget consultation, including details of all new saving proposals for 2023-24 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.
- 12.4. 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.
- 12.5. Our consultation will take place in the autumn. Consultation feedback on both budget proposals and council tax will be available for Cabinet in January 2023 and Full Council in February 2023. We will make extra effort to find out the views of people who may be affected by our proposals, including people with protected characteristics.
- 12.6. We will also report on the findings of the equality impact assessments we are undertaking. For information about this please see Section 18.

## **13. Evidence and Reasons for Decision**

- 13.1. 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 funding reform, it will be even more imperative than it has been in previous years that Government issue guidance on the direction of travel for reform, financial planning assumptions, and indicative funding allocations for 2023-24, as soon as possible.
- 13.2. In view of the size of the gap forecast for 2023-24, there is a significant 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 2022 and it is important to note that this will be kept under review throughout the 2023-24 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 2023-24, but they do establish a robust foundation for the Council to build on in order to develop a deliverable and balanced Budget for 2023-24.

## **14. Alternative Options**

14.1. This report forms part of the framework for developing detailed saving proposals for 2023-24 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 2023 (for the Full Council meeting in February 2023).

14.2. 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.

14.3. The planning context for the Council will be updated if further information becomes available. Final decisions about the overall shape of the 2023-24 Budget, savings, and council tax will not be made until Full Council in February 2023, 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.

14.4. 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 2023.

## **15. Financial Implications**

15.1. Financial implications are discussed throughout this report, which sets out the proposed savings which have been identified by each department to contribute to closing the 2023-24 and future year budget gap, subject to formal



approval by Full Council in February 2023. 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 very 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 and the energy crisis on cost pressures, service delivery expectations, existing saving programmes, and the legacy of COVID-19.

15.2. 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.

15.3. 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 2023-24 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.

15.4. 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 2023-24 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 2023-24 MTFS position also assumes that approximately £12m of funding will be rolled forward from the one-off 2022-23 Services Grant and New Homes Bonus. These assumptions remain to be confirmed and should be considered a key area of risk.

15.5. 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 2023-24 emerge through budget planning, there may be a requirement to revisit the indicative saving targets.

## 16. Resource Implications

- 16.1. **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.
- 16.2. **Property:** The report includes a proposal related to declaring surplus and ultimately disposing of the PDC site. Services currently delivered from the PDC will need to be relocated and delivered from an alternative site 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.
- 16.3. **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.

## 17. Other Implications

- 17.1. **Legal Implications:** This report is part of a process that will enable the Council to set a balanced budget for 2023-24 in line with statutory requirements, including those relating to setting council tax, and undertaking public consultation.
- 17.2. **Human Rights implications:** No specific human rights implications have been identified.
- 17.3. **Equality Impact Assessment (EqIA) (this must be included):** See section 18 below.
- 17.4. **Data Protection Impact Assessments (DPIA):** N/a
- 17.5. **Health and Safety implications (where appropriate):** N/a
- 17.6. **Sustainability implications (where appropriate):** There are no direct sustainability implications arising from this report although existing 2022-23 budget plans include funding for activities which may have an impact on the environmental sustainability of the County Council through the delivery of the Environmental Policy. These issues were considered in more detail within the February budget report to Full Council. Further details are set out in the *Net Zero and Natural Norfolk Progress Update* previously considered by Cabinet. Sustainability issues and any associated financial implications in relation to

either new 2023-24 proposals, or activities developed during 2022-23, will need to be fully considered once such initiatives are finalised, and ultimately as part of budget setting in February 2023.

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

## 18. Equality Impact Assessment (EqIA)

### Introduction

18.1. Local authorities are required by the Equality Act 2010 to give 'due regard to equality' when exercising public functions, such as setting the annual budget.<sup>9</sup>

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

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

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

### How the Council gives due regard to equality on the budget saving proposals

18.5. 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 give consideration to the Equality Act 2010
- Information about the proposals is accessible
- Arrangements for public consultation are inclusive and accessible

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<sup>9</sup> The Act states that public bodies must pay due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- Advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it;
- Foster good relations between people who share a relevant protected characteristic and people who do not share it.
- This is called the 'Public Sector Equality Duty'. [The full Equality Act 2021 is available on legislation.gov.uk](https://legislation.gov.uk).

- The proposals are informed by the Council's equality impact assessment of Digital Inclusion and remain live to issues identified during the COVID-19 pandemic, including social isolation and financial hardship.

18.6. Following confirmation (or any changes made) by the Cabinet at this October meeting that the proposals will be taken forward for budget planning for 2023-24, further analysis in the form of equality impact assessments will take place of each proposal, to consider the impact on people with protected characteristics.

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

18.8. The findings of equality impact assessments will be published for consideration by the Cabinet in the Strategic and Financial Planning 2023-24 report of January 2023, and in advance of the final decision by the Full Council about the overall Budget in February 2023.

## **19. Risk Implications/Assessment**

19.1. A number of significant risks have been identified throughout this report. Risks in respect of the MTFS were also set out within the February 2022 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 2023-24. 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 extreme 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 3% provided for in the Council's planning assumptions.
  - Pressures associated with increase in the National Living Wage, particularly in relation to services contracted by the Council. Within Adult Social Care, every 1p increase in the NLW equates to a pressure of approximately £0.270m. In April 2022 the NLW increased from £8.91 to £9.50, an increase of £0.59 or 6.6%. The

rates for 2023 have not been announced but are likely to be on a similar trajectory.<sup>10</sup>

- The Council's forecasts for energy inflation at the time of setting the 2022-23 Budget do not provide for the current spike in energy prices, which is likely to persist in the medium term and result in additional budget pressures.
- 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. Spending Review announcements in 2021 covered one year only, and as a result there remains high uncertainty about the levels of funding for 2023-24 and beyond. Continuation of the one-off "Services Grant" provided in 2022-23 has not been confirmed, although 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 2023-24 and beyond may become unsustainable. The Government has not yet announced the council tax referendum limit for 2023-24.
  - 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 the prospects of funding reform for 2023-24 for some time although recent indications (and the limited time for development and

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<sup>10</sup> The Low Pay Commission has commented that: "the Government has set a target for the NLW to reach two thirds of median hourly pay by 2024. While there is higher than normal uncertainty, we estimate the on-course rate for the NLW for 2023 is £10.32 (an 8.6% increase)." [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1065743/The\\_National\\_Minimum\\_Wage\\_in\\_2022.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1065743/The_National_Minimum_Wage_in_2022.pdf)

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consultation) suggest that this may not be going ahead in any significant way.<sup>11</sup>

- 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, 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.<sup>12</sup>
- Further decisions about Local Government reorganisation and the progress of negotiations related to a County Deal.
- Risks around the Dedicated Schools Grant (DSG) deficit position, for which the statutory override expires in 2023. The County Council is participating in the ‘safety valve’ intervention programme with the DfE in the 2022-23 financial year, which aims to agree a deliverable local package of reforms to the high needs system in order to eliminate the in-year DSG deficit over the short to medium term. This agreement is a pre-requisite in order to access financial support from the DfE to eliminate the historic deficit over the period of the agreement. Agreeing the DSG management plan is therefore a high priority to reduce and mitigate the financial risk associated with the DSG deficit position, but may also have budgetary implications for the Council over the same period.
- Any further impact of COVID-19 on the budget in 2022-23, including in particular:
  - any ongoing cost pressures within service delivery and contracted services which have not currently been provided for;
  - 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.

19.2. 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 – EU Transition
- RM023 – Changes to demography, funding, and government policy

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<sup>11</sup> <https://www.lgcplus.com/finance/we-are-providing-enough-money-to-adult-social-care-minister-says-24-05-2022/>

<sup>12</sup> <https://www.countycouncilsnetwork.org.uk/new-analysis-reveals-the-regional-impact-on-local-councils-of-the-governments-flagship-adult-care-reforms/>

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- RM031 – NCC Funded Children's Services Overspend
- RM035 – Adverse impact of significant and abnormal levels of inflationary pressure on revenue and capital budgets

19.3. Further details of all corporate risks, including those outlined above, can be found in Appendix C of the October 2022 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.

The Council is in the process of embedding a new HR and Finance System (myOracle). The successful implementation of this system is a key prerequisite for the 2023-24 Budget in terms of the system supporting delivery of both the budget process itself, and providing mechanisms through which savings and efficiencies are intended to be achieved.

## 20. Select Committee comments

20.1. Select Committees provided commentary and input to the 2022-23 Budget process during budget development. Where relevant, any comments from that exercise have been incorporated within the budget setting approach for 2023-24.

20.2. In May 2022, Select Committees therefore again had the opportunity to provide their views about the scope for savings and the implications of 2023-24 budget setting for the service areas within their remit. Due to the timing and sequence of meetings, there was no opportunity for Select Committees to offer specific comments on the proposals set out in the July Cabinet report, however Select Committees are being invited to consider all of the detailed proposals for 2023-24 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.

## 21. Recommendations

21.1. Cabinet is recommended:

- 1. To consider and comment on the County Council's strategy as set out in section 2 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 2022, including any Emergency Budget, 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 2023-**

**24 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 2023-24 Budget and Medium Term Financial Strategy, which remain to be resolved and which may have a material impact on budget planning (section 9).**
- 4. To direct Executive Directors to identify proposals for further recurrent Departmental savings to achieve the original target of £60.000m agreed in April 2022, for consideration by Cabinet in January 2023 and to support final 2023-24 Budget recommendations to Full Council.**
- 5. To note that, taking into account the significant emerging budget pressures for 2023-24, 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 2023-24;**
- 6. To note the responsibilities of the Executive Director of Finance and Commercial Services under section 114 of the Local Government Act 1988 and section 25 of the Local Government Act 2003 to comment on the robustness of budget estimates as set out in section 10 and the further actions which may be required to set a balanced budget as set out in paragraph 11.3;**
- 7. To consider and agree the proposals as set out in sections 5 and 6 (Table 5 and Table 7) to be taken forward in budget planning for 2023-24, subject to final decisions about the overall Budget in February 2023, noting the level of savings already included from the 2022-23 Budget process (Table 4);**
- 8. To note that proposals are also being developed via the Strategic Review running in parallel with the wider 2023-24 Budget process. Once fully developed, these will be incorporated into the final 2023-24 Budget presented to Cabinet in January 2023.**
- 9. To note that consultation is being undertaken in respect of the proposal relating to the review of the mobile library services and the outcomes of this will be reported to a future meeting of Cabinet;**
- 10. To agree that public consultation (as set out in section 12) and equality impact assessment (as set out in section 18) in relation to all other proposals for the 2023-24 Budget be undertaken as set out in section 12 and asking residents for their views on the level of council tax;**



11. To note that the Head of Paid Service has the delegation to undertake any staff consultation relating to specific proposals as required to inform and support 2023-24 Budget setting decisions in January 2023;
12. To confirm the remaining next steps in the Budget planning process for 2023-24, and the Budget planning timetable (Appendix 1); and
13. To note and thank Select Committees for their input into the Budget development process for 2023-24 in May, and to invite Select Committees to comment further on the detailed proposals set out in this report when they meet in November 2022 (section 20).

## 22. Background Papers

22.1. Background papers relevant to this report include:

[Norfolk County Council Revenue and Capital Budget 2022-23 to 2025-26, County Council 21/02/2022, agenda item 5](#)

[Norfolk County Council 2022-23 Budget Book](#)

[Strategic and financial planning 2023-24, Cabinet, 04/07/2022, agenda item 17](#)

[Finance Monitoring 2021-22 Report Outturn, Cabinet, 06/06/2022, agenda item 14](#)

Finance Monitoring Report 2022-23 P5: August 2022, Cabinet, 03/10/2022 (on this agenda)

Risk Management, Cabinet, 03/10/2022, (on this agenda)

Strategic Review Update, Cabinet, 03/10/2022 (on this agenda)

Strategic and Financial Planning reports considered by Select Committees in May 2022 as follows:

- [Corporate Select Committee, 23/05/2022](#)
- [Infrastructure and Development Select Committee, 25/05/2022](#)
- [People and Communities Select Committee, 27/05/2022](#)

## Officer Contact

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

**Officer name:** Titus Adam  
**Tel no.:** 01603 222806  
**Email address:** [titus.adam@norfolk.gov.uk](mailto:titus.adam@norfolk.gov.uk)



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## Appendix 1: Budget setting timetable 2023-24

2023-24 Proposed	Time frame
Cabinet review of the financial planning position for 2023-27 – including formal allocation of targets	4 April 2022
Scrutiny Committee	20 April 2022
Select Committee input to development of 2023-24 Budget – strategy	w/c 23 May 2022
Review of budget pressures and development of budget strategy and detailed savings proposals 2023-27 incorporating: <ul style="list-style-type: none"> <li>Budget Challenge 1 (May)</li> <li>Budget Challenge 2 (July)</li> <li>Budget Challenge 3 (September)</li> <li>Budget Challenge 4 (December)</li> </ul>	April to December 2022
Cabinet agree strategic budget approach and any initial proposals for summer consultation	4 July 2022
Scrutiny Committee	20 July 2022
Summer consultation activity	22 July to 21 September 2022
Cabinet approve final proposals for public consultation	3 October 2022
Scrutiny Committee	19 October 2022
Public consultation on 2023-24 Budget proposals, council tax and adult social care precept	20 October to 15 December 2022
Select Committee input to development of 2023-24 Budget – comments on specific proposals	w/c 14 November 2022
<i>Government Autumn Budget</i>	<i>TBC September / October 2022</i>
<i>Provisional Local Government Finance Settlement announced including provisional council tax and precept arrangements (outcomes of Fair Funding Review?)</i>	<i>TBC December 2022</i>
Cabinet considers outcomes of service and financial planning, EQIA and consultation feedback and agrees revenue budget and capital programme recommendations to County Council	30 January 2023
Confirmation of District Council tax base and Business Rate forecasts	31 January 2023
<i>Final Local Government Finance Settlement</i>	<i>TBC January / February 2023</i>
Scrutiny Committee 2023-24 Budget scrutiny	15 February 2023
County Council agrees Medium Term Financial Strategy 2023-24 to 2026-27, revenue budget, capital programme and level of council tax for 2023-24	21 February 2023

*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.*

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# **Corporate Select Committee**

**Item No:8**

**Report Title: Amendments to the Constitution to include Financial Regulations update 2022-23 & changes to statutory officer designations**

**Date of Meeting: 14 November 2022**

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

**Responsible Director: Helen Edwards Director of Governance**

## **Executive Summary**

The Corporate Select Committee is charged with considering changes to the Constitution, before recommendations are made to Full Council

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

This paper appends the Financial Regulations with amendments proposed following this annual review exercise. The review has been carried out by the Finance Team.

In addition, it is necessary to make changes to the officer appointed as the Monitoring Officer and other statutory roles, following the resignation of the Director of Governance. These are set out in para 2.2 below.

## **Recommendations**

The Select Committee is asked to:

1. Consider the proposed amendments to Financial Regulations and recommend these to Full Council.
2. Consider the proposed amendments to statutory officer designations set out in para 2.2 below and recommend these to Full Council
3. Decide whether they wish to have later changes required following the departure of the Executive Director for Finance and Commercial Services brought to the January committee meeting for consideration, or whether they may be recommended directly to Council without needing to be brought first to this Committee

## 1. Background and Purpose

- 1.1. The 2022 update represents a relatively light touch review following a comprehensive review. Executive.
- 1.2. The amendments to statutory roles is required following the resignation of the Director of Governance, who is designated as the officer currently holding these roles. It is not intended to recruit a replacement Director of Governance so the Council is required to allocate the statutory roles to other officers.

## 2. Proposal

- 2.1. Appendix 1 to this report sets out the Council's Financial Regulations with proposed changes identified. The key areas of change reflect:
  - 2.1.1. Amending references to the Strategic Asset Management Plan to refer to the Strategic Property Asset Management Framework.
  - 2.1.2. Clarifying that the overall revenue budget and capital programme must cover a minimum period of three years.
  - 2.1.3. Changes to remove duplication and reflect reference to the internal carbon pricing guidance as agreed by Corporate Select Committee in July 2022.
  - 2.1.4. The replacement of systems such as 'iProcurement' and 'Budget Manager' with the new finance and HR system 'myOracle'.
  - 2.1.5. A new paragraph at 3.7.5 to clarify the approval process for the application of any additional external funding, including grants, received during a financial year and which was not addressed at the time of budget setting.
  - 2.1.6. Updates within the Risk Management section to reflect the Insurance Strategy.
  - 2.1.7. Changes to the responsibilities and authorisation limits relating to the disposal and acquisitions of land and property assets.
  - 2.1.8. Amendments to reflect changes to terms of leases in relation to disposals and acquisitions of land and property asset leases.
  - 2.1.9. Updates to include delegation of responsibility for land and property transactions in the absence of the Corporate Property Officer.
- 2.2. The Director of Governance holds a number of statutory roles. The Director of Governance has resigned and will leave the Council on 8 January 2022. Corporate Select Committee is asked to consider making the following recommendations to Full Council, to take effect from 9 January 2023.

### 2.2.1. Monitoring Officer (MO)

The Council is required by s5 Local Government & Housing Act 1989 to designate one of its officers as the Monitoring Officer. The Constitution at Part 10 (1) (f) designates the Director of Governance as its Monitoring Officer. The Committee is asked to recommend to Council that this is changed to designate the Head of Legal Services (currently Katrina Hulatt) as Monitoring Officer. The Committee is asked to note that miscellaneous changes will be

made by the Director of Governance under her existing delegation, to reallocate other miscellaneous delegations to other officers within her department.

#### **2.2.2. Data Protection Officer (DPO)**

The General Data Protection Regulations (GDPR) require the Council to appoint a senior officer as its Data Protection Officer. The Committee is asked to recommend to Council to designate the Executive Director of Strategy & Transformation (currently Paul Cracknell) as DPO.

#### **2.2.3. Money Laundering Reporting Officer (MRLO)**

The MRLO is appointed to ensure compliance with the Money Laundering Regulations 2007. The Committee is asked to recommend to Council to designate the Chief Internal Auditor (currently Adrian Thompson) as MRLO.

#### **2.2.4. Senior Responsible Officer (SRO)**

The SRO is responsible for RIPA (Regulation of Investigatory Powers) activity under the Regulation of Investigatory Powers Act 2000. This power is used mainly by Trading Standards, and the Committee is therefore asked to recommend to Council to designate the Head of Trading Standards (Currently Sophie Leney) as the SRO.

- 2.3. Further, it has been announced that the Executive Director of Finance and Commercial Services is leaving the Council later in 2023. Changes to the Constitution will be required to reallocate his delegations to other officers. Corporate Select Committee is asked to agree that recommendations may be made directly to Full Council for its meeting in March 2023, without the need to be brought to Corporate Select Committee first for their consideration. This is simply to avoid taking up further time on the Committee's work programme.

### **3. Impact of the Proposal**

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

### **4. Evidence and Reasons for Decision**

- 4.1. The annual process to review Financial Regulations has been undertaken with input from officers across the organisation. The proposals ensure that the Financial Regulations remain current and reflect policy decisions.
- 4.2. The amendments to statutory roles are required to enable the Council to comply with its requirements to appoint officers to these statutory roles.

### **5. Alternative Options**

- 5.1. Retain the status quo and make no changes or propose alternative changes. This may risk the Financial Regulations becoming outdated, and the remainder of the Constitution not fulfilling Council's obligations to appoint to statutory roles.

## **6. Financial Implications**

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

## **7. Resource Implications**

- 7.1. **Staff:** None identified.
- 7.2. **Property:** None identified.
- 7.3. **IT:** None identified.

## **8. Other Implications**

- 8.1. **Legal Implications:** The Council is required to appoint certain statutory officers, and the amendments identified will ensure that obligation is met.
- 8.2. **Human Rights Implications:** None identified.
- 8.3. **Equality Impact Assessment (EqIA) (this must be included):** None identified.
- 8.4. **Data Protection Impact Assessments (DPIA):** None identified.
- 8.5. **Health and Safety implications (where appropriate):** None identified.
- 8.6. **Sustainability implications (where appropriate):** None identified.
- 8.7. **Any Other Implications:** None identified.

## **9. Risk Implications / Assessment**

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

## **10. Recommendations**

- 10.1. The Select Committee is asked to:

1. Consider the proposed amendments to Financial Regulations and recommend these to Full Council.
2. Consider the proposed amendments set out in para 2.2 below and recommend these to Full Council
3. Decide whether they wish to have later changes required following the departure of the Executive Director for Finance and Commercial Services brought to the January committee meeting for consideration, or whether they may be recommended directly to Council without needing to be brought first to this Committee

## 11. Background Papers

- 11.1. [Internal Carbon Pricing Guidance](#), item 11, Corporate Select Committee 11 July 2022

### Officer Contact

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

For questions on the Financial Regulations:

**Officer name:** Titus Adam

**Telephone no.:** 01603 222806

**Email:** [titus.adam@norfolk.gov.uk](mailto:titus.adam@norfolk.gov.uk)

For issues on other changes

**Officer name:** Helen Edwards

**Telephone number:** 01603 493627

**Email:** [helen.edwards2@norfolk.gov.uk](mailto:helen.edwards2@norfolk.gov.uk)



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



## **Part 11C: Financial Regulations**

### **Background**

- A. The County Council's governance structure is laid down in the Constitution, which sets how the County Council operates; how decisions are made; and how procedures are followed.
- B. The County Council has adopted a Cabinet and Leader form of governance.
- C. Elected Members are responsible for "ownership" of the County Council's financial management. Responsible Budget Officers (RBOs) act on behalf of the County Council in exercising that responsibility and in securing compliance with the County Council's Financial Regulations.
- D. The County Council's Head of Paid Service is responsible for the corporate and strategic management of the County Council. The Head of Paid Service must report to, and provide information for, the County Council, its Cabinet and Committees. Furthermore, the Head of Paid Service is responsible for establishing a framework for management direction, style, and standards, and for monitoring the performance of the organisation. The Head of Paid Service is also responsible, together with the Director of Governance, for the system of record keeping in relation to all the County Council's decisions.
- E. The Statutory Finance Officer, the Executive Director of Finance and Commercial Services at Norfolk County Council, has statutory duties in relation to the administration and stewardship of the County Council's financial affairs. This statutory responsibility cannot be overridden. The statutory duties arise from the legislation referenced in 2.5.3.
- F. The Executive Director of Finance and Commercial Services is responsible for the proper administration of the County Council's financial affairs and for setting and monitoring compliance with agreed standards of financial administration and management, including advice on the County Council's corporate financial position. The Executive Director of Finance and Commercial Services is also the "head of profession" for all finance staff in the County Council and has a responsibility for their professional standards, competencies, training, and development. Within these Financial Regulations, the terms Statutory Finance Officer, Chief Finance Officer, Executive Director of Finance and Commercial Services and Section 151 Officer all refer to the Executive Director of Finance and Commercial Services.

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## **1. Status of Financial Regulations**

### **1.1. Purpose and Scope**

- 1.1.1. These Financial Regulations provide the basis for managing the County Council's financial affairs. They provide a framework for decision-making, which sets out how specific statutory powers and duties are complied with, as well as reflecting best professional practices. This document also acts as a reference point to other documents which include the detailed policies and procedures behind these Financial Regulations.
- 1.1.2. The Financial Regulations apply to every elected Member and officer of the County Council and, when stated, to third parties acting specifically on its behalf. The Regulations apply to all Norfolk County Council's financial arrangements, including joint committees, save where there is express agreement to the contrary.

### **1.2. Key Roles and Responsibilities**

- 1.2.1. The Regulations identify the financial responsibilities of the County Council, Cabinet and its Committees, the Executive Director of Finance and Commercial Services and other Executive Directors.
- 1.2.2. All elected Members and staff have a general responsibility for taking reasonable action to provide for the security of the County Council's assets under their control, and for ensuring that the use of these resources is legal, properly authorised, and provides value for money.
- 1.2.3. The Executive Director of Finance and Commercial Services is responsible for maintaining a continuous review of the Financial Regulations and for submitting any additions or changes necessary to County Council for approval and at a minimum annually. Elected Members are responsible for considering and approving the County Council's Financial Regulations and for satisfying themselves that they are sufficient to ensure sound financial management of the County Council's resources.
- 1.2.4. The Executive Director of Finance and Commercial Services is responsible for reporting, where appropriate, breaches of the Financial Regulations to the County Council, Cabinet, and the Governance and Audit Committee.
- 1.2.5. The Executive Director of Finance and Commercial Services is responsible for issuing advice and guidance on the operation of the Financial Regulations. The County Council's detailed 'Financial Procedures', which support these Regulations, are determined by the Executive Director of Finance and Commercial Services and set out how the Regulations will be implemented.

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

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

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

## **2. Financial Management**

### **2.1. Introduction**

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

### **2.2. The Council**

- 2.2.1. The County Council is responsible for adopting and changing the principles of governance and for approving or adopting the policy framework and budget within which the Council operates.
- 2.2.2. The principles of decision making, and the roles of the Leader, Cabinet, Select Committees, and Scrutiny Committee are set out in Parts 3, 4 and 7 of the Norfolk County Council Constitution.

### **2.3. The Cabinet**

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

### **2.4. Scrutiny Committee**

- 2.4.1. Scrutiny Committee reviews or scrutinises decisions made, or other action taken in accordance with:
- i) any functions which are the responsibility of the Executive, including decisions made/actions taken directly by the Executive itself and those decisions/actions delegated to Chief Officers and individual Members of the Executive; and
  - ii) any functions which are not the responsibility of the Executive.

### **2.5. Statutory Officers**

#### **2.5.1. The Head of Paid Service**

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

#### **2.5.2. The Monitoring Officer (Director of Governance)**

The Director of Governance is responsible for maintaining an up-to-date version of the Constitution and contributing to the promotion and maintenance of high standards of conduct through provision of support to Governance and Audit Committee. They are also responsible, in conjunction with the Head of Paid Service and the Executive Director of Finance and Commercial Services, for reporting to the County Council and

Cabinet if they consider that any proposal, decision, or omission would give, is likely to give, or has given, rise to a contravention of any enactment or rule of law, or any maladministration or injustice. Such a report has the effect of stopping the proposal or decision being implemented until the report has been considered. The Director of Governance will also provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and Budget and Policy Framework issues to all Members.

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

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

- Section 151, Local Government Act 1972
- The Local Authorities Goods and Services Act 1970 and 1988
- Section 114, Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Local Government Acts 2000 and 2003
- The Accounts and Audit (England) Regulations 2015
- The Local Government Pension Scheme Regulations 1974 and 1997
- The Local Government Pension Scheme Regulations (Management and Investment of Funds) 1998
- The Localism Act 2011

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

### **2.6. The Money Laundering Reporting Officer**

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

### **2.7. Executive Director of Finance and Commercial Services**

- 2.7.1. The Executive Director of Finance and Commercial Services has statutory duties in relation to the financial administration and stewardship of the County Council. This statutory responsibility cannot be overridden.
- 2.7.2. The Executive Director of Finance and Commercial Services is also subject to compliance with Statements of Professional Practice issued from time to time.
- 2.7.3. The role of Executive Director of Finance and Commercial Services complies with the principles in the CIPFA best practice statement on the "Role of the Chief Financial Officer in Local Government." This statement confirms that the Executive Director of Finance and Commercial Services is not only a servant of the Council, but also has a fiduciary responsibility to local taxpayers as a trustee of public monies.
- 2.7.4. The Executive Director of Finance and Commercial Services is responsible for:

- the proper administration of the County Council's financial affairs
- ensuring adherence to accounting standards
- setting and monitoring compliance with financial management standards
- advising on the corporate financial position and on the key financial controls necessary to secure sound financial management, including the level of balances, closure of accounts and statement of accounts
- setting the framework for reporting financial implications to Cabinet
- providing financial information on the corporate position of the County Council
- providing financial advice and information on all the County Council's services
- preparing the overall revenue budget and capital programme, including the ~~three-year~~ rolling medium term financial strategy (covering a minimum three year period)
- preparing the Strategic Property Asset Management FrameworkPlan
- reporting on the robustness of the estimates made for the purposes of budget calculations, and the adequacy of proposed financial reserves
- effective administration of the treasury management function and aspects of pension fund administration and investment
- preparing the prudential indicators and ensuring adherence to the authorised limits set by Council
- defining standards of financial administration and management throughout the County Council
- defining the competencies of finance employees and for the delivery of effective and appropriate training and development opportunities to those employees
- advising on the adequacy and effectiveness of internal systems of control and internal audit
- delivering appropriate financial training to Members and non-financial staff

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

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

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

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

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

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

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

## **2.8. Corporate Board**

2.8.1. In addition to individual responsibilities, the Leader, Deputy Leader and Executive Directors (including the Head of Paid Service) form the Corporate Board. This is an informal Board which is not subject to the rules surrounding Council meetings, and which, acting together and corporately is responsible for:

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

## **2.9. Executive Directors**

2.9.1. Executive Directors are responsible:

- for ensuring that the Council is advised of the financial implications of all proposals relating to their respective services and for ensuring that the financial implications have been agreed by the Executive Director of Finance and Commercial Services;
- for consulting with the Executive Director of Finance and Commercial Services and seeking approval on any matter liable to materially<sup>1</sup> affect the County Council's finances before any commitments are entered or incurred. This includes notification to the Executive Director of Finance and Commercial Services as soon as possible in the event of identification of overspending or of a shortfall in income against the budget approved by the Council; and
- for ensuring that budget monitoring is undertaken monthly, and that costs are contained within budget. In the event of identification of overspending or a shortfall in income against the budget, Executive Directors are responsible for ensuring that corrective action is managed in a rigorous manner.

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

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

~~2.9.4. Executive Directors, in consultation with the Director of Procurement, are responsible for evaluating planned capital projects within their services, and capital contracts as they fall due for replacement or extension, in order to:~~

<sup>1</sup> I.e. significantly impact on the Council's financial position



- ~~• identify any potential to reduce whole life carbon emissions.~~
- ~~• consider the optimum balance between price and low carbon which can be achieved; and~~
- ~~• ensure that any identified cost pressures linked to carbon reduction in respect of their capital projects are provided for within capital budgets.~~

~~2.9.5.2.9.4.~~ Executive Directors, in consultation with the Director of Procurement, are responsible for evaluating contracts within their services as they fall due for replacement or extension, and proposals for new contracts, in order to:

- identify any potential to reduce whole life carbon emissions.
- consider the optimum balance between price and carbon reduction opportunities which can be achieved; and
- ensure that any identified cost pressures linked to carbon reduction in respect of their services are provided for within the Council's budget and Medium Term Financial Strategy.
- Ensure that proposals are prepared in accordance with the internal carbon pricing guidance<sup>2</sup> published by the Executive Director of Finance and Commercial Services when making revenue and capital investment decisions.

## **2.10. Other Financial Accountabilities**

### **2.10.1. Accounting Policies**

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

### **2.10.2. Accounting Records and Returns**

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

### **2.10.3. Annual Statement of Accounts**

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

## **3. Financial Planning**

### **3.1. Introduction**

3.1.1. The Executive Director of Finance and Commercial Services, in accordance with the strategies, policies and priorities of the County Council, is to be responsible for the

<sup>2</sup> Internal Carbon Pricing Guidance, item 11, Corporate Select Committee 11 July 2022

proper administration of the financial affairs of the County Council, including multi-year financial planning and control.

### **3.2. Revenue Budget**

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

### **3.3. Capital Budget**

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

### **3.4. Medium Term Planning and Budget Preparation**

- 3.4.1. The County Council is responsible for agreeing the Council's priorities and policy framework. This sets the overall strategic framework for the County Council's services. The Medium-Term Financial Strategy sets out the approach and financial context for the County Council. The Medium-Term Financial Strategy also gives further detail as to how the County Council will deliver plans and resource services over a minimum period of three years. The County Council is responsible for agreeing a rolling ~~three-year~~ balanced budget covering at least three years and agreeing the council tax precept for the following financial year at the February County Council meeting. Executive Directors are collectively responsible for developing a framework and timetable to deliver medium term planning requirements. This framework will include: review of the planning context and the forward budget planning forecast; service priorities and costs; and provide a structure incorporating the development of medium-term service options including efficiencies, financial implications, risk impact and likelihood assessment; Member engagement, public and stakeholder consultation and the decision-making process.
- 3.4.2. Cabinet is responsible for setting the parameters and providing guidance on the preparation of the budget in consultation with the Executive Director of Finance and Commercial Services. The guidelines will take account of:
- legal requirements
  - medium-term planning prospects
  - the County Council's core roles
  - all available resources including external funding and income
  - fluctuations in demand, and inflation
  - changes in grant funding
  - best value
  - government guidelines
  - accounting standards
  - the Prudential Code
  - The County Council Plan
  - Strategic Property Asset Management FrameworkPlan
  - Reserves, general and earmarked
  - Arms' length bodies

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

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

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

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

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

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

### 3.5. **Strategic Property Asset Management FrameworkPlan**

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

### 3.6. Decisions

- 3.6.1. All decisions must be undertaken in accordance with the decision-making and reporting framework set out in the Constitution of the County Council and must comply with the County Council's Financial Regulations and Financial Procedures. Details of financial implications must be provided before any financial decision can be taken.
- 3.6.2. The Executive's Terms of Reference are set out in Part 7 of the Constitution and confirm that Cabinet is responsible for taking key decisions which incur significant expenditure or make significant savings, and decisions which have an impact on a significant proportion of Norfolk's residents. The Head of Paid Service in consultation with the Leader shall determine, in relation to any decision to be taken under delegated authority, if it is a decision which may incur significant expenditure, make significant savings, or may affect a significant proportion of Norfolk's residents, and in such a case the decision shall be made by the Cabinet.

### 3.7. Budget Monitoring and Control

- 3.7.1. The Executive Director of Finance and Commercial Services is responsible for monitoring income and expenditure against approved revenue and capital budget allocations and for reporting to Executive on the overall position monthly.
- 3.7.2. The Executive Director of Finance and Commercial Services is responsible for monitoring the prudential indicators and reporting to Executive on the overall position monthly.
- 3.7.3. The Executive Director of Finance and Commercial Services is responsible for monitoring the cash flow of the County Council and ensuring this is used to inform borrowing and investment decisions.
- 3.7.4. It is the responsibility of Executive Directors to control income and expenditure within their area in accordance with the approved budget and to monitor performance, taking account of financial information provided by the Executive Director of Finance and Commercial Services. Executive Directors are responsible for alerting the Executive Director of Finance and Commercial Services and the relevant Cabinet Member(s) or the Leader, to any overspendings or shortfalls in income and for identifying strategies and options for containing spend within the budget approved by the Council. If the overspending or shortfall in income cannot be accommodated within the service's budget this shall be reported to Cabinet.

3.7.5. The application of any additional external funding, including grants, which was not known at the time of budget setting, is delegated to Executive Directors up to £1.25m to be utilized in accordance with the associated grant or funding conditions. The allocation of any funding above this level is to be approved via an individual Cabinet Member decision, unless approved by Cabinet.

3.7.5-3.7.6. Any other policy proposal, which would have the effect of increasing a Service Department's budget, must be supported by a funding proposal setting out how it can be accommodated within the Service Department's existing budget. Such proposals must be made available to the Executive Director of Finance and Commercial Services at least five working days before the Cabinet meeting at which they are to be proposed and must be finalised two working days before the meeting in order that the Executive Director of Finance and Commercial Services can report on the robustness of any proposed budget amendments. In the event that the proposal falls outside the

scope of the Policy Framework as set out in Part 4 of the Constitution, it must be referred to Full Council for consideration.

~~3.7.6.~~3.7.7. Any variation or variations to a contract which in aggregate result in additional costs exceeding 5% of the original contract value or £50,000 (whichever is the greater) shall be subject to the prior approval of the Director of Procurement.

### **3.8. Virement**

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

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

### **3.9. Treatment of Year-End Balances**

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

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

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

### **3.10. Maintenance of Reserves**

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

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

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

## **4 Governance, Risk Management and Internal Control**

### **4.1 Governance**

- 4.1.1 The Governance and Audit Committee is primarily responsible for Governance, Risk Management and Internal Control throughout the County Council. Its Terms of Reference are reviewed annually and published in Part 8 of the Constitution. Any changes are approved by the County Council. The composition is politically balanced and is reviewed at each appointment to the Committee.
- 4.1.2 Other Member-led bodies that also have a role in governance and internal control include the County Council, and the Corporate Select Committee in any review of the Constitution for approval by full Council and with respect to Members.

### **4.2 Internal Control and Internal Audit**

- 4.2.1 Internal control refers to the systems of management and other controls put in place to ensure that the County Council's objectives are achieved in a manner which promotes economic, efficient and effective use of resources and in a way, which ensures that the County Council's assets and interests are safeguarded.
- 4.2.2 The Executive Director of Finance and Commercial Services is responsible for advising on adequate and effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant best practice.
- 4.2.3 It is the responsibility of Executive Directors, having regard to advice from the Executive Director of Finance and Commercial Services, to establish sound arrangements for internal control including planning, appraising, authorising and controlling their operations to achieve continuous improvement, economy, efficiency and effectiveness and in order to achieve their targets.
- 4.2.4 The Accounts and Audit Regulations 2015 require the County Council to:
- undertake an adequate and effective internal audit;
  - review the effectiveness of its internal audit, at least annually; and
  - ensure the Governance and Audit Committee considers the findings of that review as part of its consideration of the system of internal control for the County Council.



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

### **4.3 Risk Management**

- 4.3.1 The County Council through the Cabinet is responsible for approving the County Council's Risk Management Policy as part of the risk management framework, its implementation and ensuring that proper insurance exists where appropriate as outlined in the Insurance Strategy.
- 4.3.2 The Governance and Audit Committee is responsible for reviewing the effectiveness of the County Council's risk management and insurance arrangements. It will receive risk management reports at least four times a year and an insurance report once a year and take appropriate action to ensure that corporate business risks are being actively and appropriately managed. Annually, it will report on risk management to the County Council.
- 4.3.3 The Executive Director of Finance and Commercial Services is responsible for informing the preparation of the County Council's Risk Management Policy as part of the risk management framework, for promoting it throughout the County Council and for advising the Cabinet on proper insurance cover where appropriate. The Executive Director of Finance and Commercial Services will also report on the Corporate Risk Register quarterly to the Cabinet, to each meeting of the Governance and Audit Committee, and ensure that Executive Directors report their red rated departmental level risks register to the Cabinet bi-annually at least once per annum.

### **4.4 External Audit**

- 4.4.1 Public Sector Audit Appointments Limited (which replaced the Audit Commission with effect from 1 April 2015) is responsible for appointing external auditors to each local authority. The duties of the external auditor are governed by the Local Audit and Accountability Act 2014.
- 4.4.2 The County Council may, from time to time, be subject to audit, inspection, or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.
- 4.4.3 External auditors have a responsibility to satisfy themselves that the County Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This judgement is based on criteria specified by the National Audit Office. The Executive Director of Finance and Commercial Services, in conjunction with Executive Directors, must ensure that the organisation makes best use of resources and that taxpayers and / or service users receive value for money.

### **4.5 Anti-Fraud, Bribery and Corruption**

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

- encourage prevention;

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

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

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

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

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

#### **4.6 Money Laundering and Proceeds of Crime**

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

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

4.6.3 Executive Directors are responsible for ensuring that:

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

#### **4.7 Treasury Management**

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



- 4.7.2 The County Council is responsible for the setting, monitoring and revising of prudential indicators and for the approval of the Annual Investment and Treasury Strategy.
- 4.7.3 The County Council has delegated responsibility to the Executive Director of Finance and Commercial Services for the execution and administration of treasury management decisions, including decisions on borrowing, investment, financing (including leasing) and maintenance of the counter party list. The counter party list contains details of those banks, building societies and other bodies that meet the County Council's criteria for investment. The Executive Director of Finance and Commercial Services has delegated authority to effect movement between the separately agreed limits for borrowing and other long-term liabilities reflected in the Prudential Code's operational and authorised limits. The Executive Director of Finance and Commercial Services is required to act in accordance with the County Council's Treasury Management Policy Statement and Treasury Management Practices and CIPFA's Standards of Professional Practice on Treasury Management in accordance with external advice.
- 4.7.4 The Executive Director of Finance and Commercial Services will prepare for County Council an annual strategy and plan in advance of the year, report quarterly, a mid-year review and an annual report after its close. In addition, the Executive Director of Finance and Commercial Services will regularly report to the Treasury Management Panel and the Cabinet on treasury management policies, practices, activities and performance monitoring information.
- 4.7.5 The Executive Director of Finance and Commercial Services is responsible for:
- monitoring performance against prudential indicators, including reporting significant deviations to the Cabinet and County Council as appropriate.
  - ensuring all borrowing and investment decisions, both long and short term, are based on cash flow monitoring and projections.
  - ensuring that any leasing financing decisions are based on full options appraisal and represent best value for the County Council, in accordance with the County Council's leasing guidance.
  - the provision and management of all banking services and facilities to the County Council.

## **4.8 Norfolk Pension Fund**

- 4.8.1 The Local Government Pension Scheme (LGPS) is a national pension scheme, administered locally with its own regulator (the Department for Levelling Up, Housing and Communities (DLUHC)).
- 4.8.2 The County Council is the Administering Authority of the Norfolk Pension Fund and administers the LGPS on behalf of all the participating employers and scheme members. Norfolk County Council is also an employer within the scheme.
- 4.8.3 Norfolk County Council delegates all its responsibilities as Administrator of the scheme to the Pensions Committee who act as quasi-trustee of the Fund. Pensions Committee must act in the best interests of the Fund, scheme members/beneficiaries and participating employers.
- 4.8.4 All Pension Fund assets are separate from the County Council, and all costs and income are accounted for separately. The Fund has a separate bank account.

- 4.8.5 The Pensions Committee is responsible for all aspects of the administration of the scheme. This includes responsibility for deciding upon the best way in which the Pension Fund is to be invested with appropriate regard to its fiduciary responsibilities.
- 4.8.6 Advice is received as required from professional advisers. The Pensions Committee formally reviews the performance of investments and the overall strategy on a regular basis. The Fund is invested in compliance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The 2016 Regulations introduced the requirement for LGPS funds to pool investment assets from the 1st April 2018.
- 4.8.7 In order to facilitate the pooling of assets, the Norfolk Pension Fund has entered into an Inter-Authority Agreement with 10 other Administering Authorities, collectively known as the ACCESS (A Collaboration of Central, Eastern & Southern Shires) Pool. The ACCESS Funds are Cambridge, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, West Northamptonshire, Suffolk and West Sussex.
- 4.8.8 The Pensions Committee is also responsible for the ~~selection~~appointment and monitoring of Investment Managers, Custodian and other related service providers to the Fund.
- 4.8.9 The Executive Director of Finance and Commercial Services is responsible for the administration and financial accounting of the Norfolk Pension Fund. The Executive Director of Finance and Commercial Services is responsible for the preparation of the Pension Fund statutory accounts and annual report. The County Council delegates responsibility for the approval of the annual Pension Fund statutory accounts to the Governance and Audit Committee.
- 4.8.10 The Norfolk Pension Fund has ~~developed~~adopted an Investment Strategy Statement in relation to the investment of the assets. This Statement includes details of compliance with recognised good investment practices. It is the Pensions Committee's responsibility to monitor the Fund's position in relation to the Investment Strategy Statement.
- 4.8.11 The Pension Fund maintains a Funding Strategy Statement, which sets out the Fund's approach to funding liabilities, based on principles agreed by the Pensions Committee. The Pension Fund is committed to providing clear, relevant, accessible and timely information to all stakeholders and to this end publishes and maintains a Customer Care and Communication Strategy Statement and a Governance Statement.
- 4.8.12 The Executive Director of Finance and Commercial Services ensures compliance with relevant regulatory and legislative guidelines and for keeping records of all scheme members, calculation and payment of benefits, transfers between schemes and the collection of contributions from participating employers.
- 4.8.13 In line with all public service pension schemes, LGPS Funds are required to have a local Pensions Board. The Board helps ensure that the Fund is managed and administered effectively and efficiently and complies with the Code of Practice on Governance and Administration of Public Service Pension Schemes issued by the Pensions Regulator. In Norfolk the local pension board is known as the Pensions Oversight Board and is made up of scheme member and scheme employer representatives with an independent chair.

## **5.1 Introduction**

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

## **5.2 Data Management**

- 5.2.1 Cabinet is responsible for ensuring that policies and procedures are in place to enable management of data to support effective decision-making.
- 5.2.2 It is the responsibility of the Executive Directors to ensure data management policies are understood and used effectively within their services.

## **5.3 Financial Processes and General Data Protection Regulations**

- 5.3.1 The Executive Director of Finance and Commercial Services is responsible for the determination and operation of the County Council's accounting processes, for the form of accounts and for the supporting financial records. The Executive Director of Finance and Commercial Services must approve any changes made by Executive Directors to the financial processes or the establishment of new processes, including IT systems.
- 5.3.2 Executive Directors must ensure that any processing (computerised or manual) that involves personal information is registered in accordance with the DPA (Data Protection Act) 2018 and UK GDPR (General Data Protection Regulation) and that all staff are aware of their responsibilities and any advice from the Information Commissioner.
- 5.3.3 Executive Directors must ensure that all staff are aware of their responsibilities under Freedom of Information legislation, and that procedures are in place to ensure compliance.
- 5.3.4 Executive Directors must ensure that all staff are aware of their responsibilities under the Code of recommended practice for local authorities on data transparency. These include:
- The requirement to maintain an inventory of data sets.
  - The general requirement that, where data is published, it should be in a non-proprietary format and published in a timely fashion.
  - The requirement to publish certain, specified data sets.
- 5.3.5 To ensure that open data which is published corporately is accurate and complete, Executive Directors must ensure that:
- All contracts over £50,000 are registered on the corporate contracts register maintained by the procurement team.
  - All goods and services are ordered via one of the council's electronic ordering systems (for general purposes, [myOracle-iProcurement](#)).
  - All goods and services are ordered in advance and purchase order descriptions are accurate and complete.
  - All changes of structure are notified to HR.

## **5.4 Schemes of Authorisation and Financial Responsibility**

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

## **5.5 Income Collection**

- 5.5.1 The Executive Director of Finance and Commercial Services is responsible for the provision and management of all income collection arrangements for the County Council.
- 5.5.2 Cabinet is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control. The Debt Recovery Policy and Framework forms part of the Financial Procedures and is required to be followed by all parties involved in the recovery of monies owed to the Council.

## **5.6 Payments to Employees, Third Parties and Members**

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

## **5.7 Taxation**

- 5.7.1 The Executive Director of Finance and Commercial Services is responsible for advising Executive Directors, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues, including VAT, that affect the County Council. Executive Directors are responsible for ensuring that such advice is complied with within their services.
- 5.7.2 The Executive Director of Finance and Commercial Services is responsible for maintaining the County Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.
- 5.7.3 The Executive Director of Finance and Commercial Services will ensure that VAT incurred in relation to "exempt" business income is not at risk of exceeding the partial exemption limit in any financial year and undertake the annual calculation after year-end.

## **5.8 Trading Accounts**

- 5.8.1 Cabinet must approve the establishment of all Trading Accounts. Trading Accounts are required for all services that provide goods or services to a third party on a traded basis or where the organisation has identified that a service should operate as a separate trading unit.
- 5.8.2 The Executive Director of Finance and Commercial Services is responsible for the form of the trading accounts included in the Trading Framework document. Executive Directors are responsible for reporting on the activities of any trading organisation.

within their respective areas of service, taking account of current accounting standards and best practice in reporting.

## **5.9 Monitoring Reporting**

- 5.9.1 Executive Directors are responsible for ensuring that monthly budget monitoring reports for both revenue and capital expenditure and income are produced for their respective areas of service. The Executive Director of Finance and Commercial Services is responsible for regularly reporting the details (including compliance with the Prudential Code) to Cabinet.
- 5.9.2 Any variation, or variations, to a contract which in aggregate result in additional costs exceeding 5% of the original contract value or £50,000 (whichever is the greater) shall be subject to the prior approval of the Director of Procurement.

## **5.10 Companies, Trusts and Charities**

- 5.10.1 Cabinet is responsible for:
- approving the establishment and viability (including the business case) of all new companies, trusts and charities;
  - approving investments in other companies, trusts and charities, in which the County Council has a financial interest except where the investment is within criteria Cabinet has previously delegated to an Executive Director;
  - taking decisions as shareholder and sole trustee where appropriate;
  - monitoring and receiving reports on the County Council's companies;
  - dissolution of County Council's companies, trusts, and charities.
- 5.10.2 Executive Directors are responsible for informing the Director of Governance and Executive Director of Finance and Commercial Services of any new proposals, to ensure that legal and financial considerations are properly considered before any arrangements with an outside body or creation of a new company, trust or charity are considered.
- 5.10.3 Executive Directors are also responsible for ensuring tight controls are in place for the financial management of loan and guarantor arrangements with Norfolk County Council owned companies. This includes ensuring the Executive Director of Finance and Commercial Services is presented with robust business cases and signed loan agreements.
- 5.10.4 The Executive Director of Finance and Commercial Services is responsible for reviewing the ongoing viability of such entities and regularly reporting the performance of their activities, with a view to ensuring that the County Council's interests are being protected.
- 5.10.5 All relevant companies must have their accounts incorporated and consolidated within the County Council's financial accounts in accordance with proper accounting standards and best financial practice. The Executive Director of Finance and Commercial Services is responsible for ensuring the proper financial accounting treatment and compliance with current legislation.
- 5.10.6 The appointment and removal of directors to companies, trusts and charities in which the County Council has an interest must be made by Cabinet, having regard to the advice of the Executive Director of Finance and Commercial Services. The directors

will then have a statutory duty to the company, trust or charity and must therefore act in accordance with the Companies and / or Charities Act where applicable.

- 5.10.7 The Executive Director of Finance and Commercial Services and Director of Governance should be contacted for assistance at an early stage to discuss the proposals.

## **5.11 Early payments and loans to suppliers and service providers**

### **5.11.1 Early Payments**

In the normal course of business, the County Council may on occasion make early payments (ahead of contractual payment terms). These are agreed on a case by case basis, entirely at the discretion of the County Council, and (where appropriate) taking into account the overall value of the contract and the implications of any failure of service provision. Any decision to vary a contract by amending the payment terms shall be taken in accordance with Regulation 72 of the Public Contracts Regulations 2015. The Council has a protocol in place which governs the amendment of payment terms for existing contracts. This protocol covers both permanent, ongoing arrangements and one-off requests for early payment. The Council's Contract Standing Orders set out the general principle that advance payment terms should not be offered during procurement activities other than in exceptional circumstances. In all cases, care must be taken to ensure the Council is not committed to making infeasibly fast payments. There are broadly three scenarios which may arise:

#### **5.11.2 Payment ahead of terms**

Where suppliers or service providers experiencing cash flow difficulties or other financial hardship seek payment ahead of terms but not in advance of the supply of goods or services, the contract manager, in conjunction with the relevant Finance Business Partner, may agree to payment ahead of terms provided that an appropriate discount is secured. For the avoidance of doubt, at the discretion of the Council, a discount may be set at zero (i.e., payment made ahead of terms with no discount required).

Where suppliers or service providers which are not in financial difficulties seek payment ahead of terms but not in advance of the supply of goods or services, the Director of Procurement, in conjunction with the relevant Finance Business Partner, may agree to payment ahead of terms provided that an appropriate discount is secured. For the avoidance of doubt, at the discretion of the Council, a discount may be set at zero (i.e. payment made ahead of terms with no discount required).

#### **5.11.3 Payment in advance of goods or services being supplied**

Due to the credit risk involved, only the Executive Director of Finance and Commercial Services, Director of Financial Management or Assistant Director of Finance (FES) may agree to vary a contract to allow for payment in advance of goods or services being delivered, subject to an appropriate discount being secured, and taking into account subsidy considerations. For the avoidance of doubt, at the discretion of the Council, a discount may be set at zero (i.e. payment made ahead of terms with no discount required), but only with the approval of the Executive Director of Finance and Commercial Services.

- 5.11.4 **Loans** may be made in exceptional circumstances outside of contractual agreements or where no contract or payment relationship exists. This has the potential to arise (for example) in the context of a third-party organisation experiencing financial

difficulty, where the failure of the third party would significantly impact upon services the Council provides or is responsible for. Loans will be considered on a case by case basis, entirely at the discretion of the County Council, and taking into account the overall level of the loan and the implications of any failure of service provision. Loans in this context would be intended generally for short term cash flow purposes and to ensure the continuity of a service, or to avoid additional costs arising from any provider failure, although it is recognised that other circumstances necessitating a loan may also arise and this list is not comprehensive.

5.11.5 The Executive Director of Finance and Commercial Services has discretion to consider making a short-term loan in the above circumstances, whilst also considering:

- the ability of the loan recipient to repay and the provision of a robust plan to demonstrate how the situation which gave rise to the need for a loan will be resolved (it is also likely that a Financial Assessment of the recipient will be required);
- any potential subsidy issues, particularly in respect of determining an appropriate interest rate for the loan, which should be set with reference to the [published margin tables](#); and
- the duration and value of the loan sought.

5.11.6 Loans will be requested through the relevant Finance Business Partner for the service area, in consultation with the Executive Director for the service. Loans will not be made until they have been approved by the Executive Director of Finance and Commercial Services, or the Director of Financial Management, following consultation with the Leader and / or Deputy Leader in the case of a loan over £50,000 and / or for a loan period in excess of six months.

5.11.7 Loans may be repaid either by instalment or as a lump-sum. The terms of the loan, including arrangements for repayment, must be agreed and a loan agreement signed by both parties before any loan can be made. The service area initiating the loan will be required to identify a cost centre which will bear the cost of the loan in the event of a failure by the loan recipient to make repayments as agreed. The Executive Director for the service should consider the need to make the relevant Cabinet Member(s), Leader and / or Deputy Leader aware of this potential cost to the service budget.

5.11.8 Any loan arrangements not specifically covered above, including mid to longer term loans made for other purposes, will be subject to approval by the Executive Director of Finance and Commercial Services, or the Director of Financial Management, following consultation with the Leader and / or Deputy Leader. Any loans made in this way will be reported to Cabinet.

## **5.12 Contract Standing Orders**

5.12.1 Executive Directors are responsible for ensuring that the procurement of all goods, works and services is undertaken in accordance with the Council's Contract Standing Orders.

5.12.2 Contract Standing Orders form part of the County Council's Constitution and are the rules that govern how procurement will be undertaken by the Council, and what processes must be followed.

5.12.3 Any award with a value exceeding £30,000 entered into on behalf of the Council must be evidenced by way of a contract. Such contracts must either be signed by at



least two authorised officers of the Council or made under the common seal of the Council attested by at least one authorised officer.

### **5.13 Assets**

- 5.13.1 Executive Directors should ensure that records of assets are properly maintained and securely held (in practice property asset records are kept by the Corporate Property Team on behalf of Executive Directors). Executive Directors should also ensure that contingency plans are in place for the security of assets and continuity of service in the event of disaster or system failure.
- 5.13.2 In making disposals officers will have due regard to the provisions of the Local Government Act 1972 (section 123) concerning best consideration, subject to the discretion afforded to authorities by the General Disposal Consent (England) 2003 (see DCLG Circular 06/2003). All decisions to dispose at less than best consideration will be referred to Cabinet for determination.
- 5.13.3 Disposal must be made by competitive process unless the Executive Director of Finance and Commercial Services authorises otherwise. The appointment of agents to handle disposals is subject to the normal provisions of Council Standing Orders.
- 5.13.4 All property disposals (including lease surrenders/assignments), acquisitions and other property transactions (such as granting / taking licences, granting of easements and wayleaves to statutory undertakers etc., granting tenancies at will) are to be made only by the Council's Corporate Property Officer (Director of Property). In reaching decisions on the disposal of land and property, the County Council should give due consideration to the advice of the Corporate Property Officer (Director of Property). The Council's named and designated Corporate Property Officer (Director of Property) may, in accordance with arrangements approved by the Executive Director of Finance and Commercial Services, dispose of property assets, acquire property assets and approve of property transactions as set out in the tables at 5.13.6 and 5.13.7 below. Proposals for disposals, acquisitions and other property transactions must involve the Local Member as set out within the Local Member Protocol in the Constitution (Part 10D of the Constitution).
- 5.13.5 Land and buildings declared surplus by a service will be reviewed by the Corporate Property Strategy Group and where there is no alternative beneficial use such property will be reported to Cabinet to confirm its status as a surplus asset to be disposed of and/or exploited for income purposes.

#### **5.13.6 Disposals**

The disposal of surplus assets will be undertaken as follows:

[Land and property asset disposal](#)



Disposal value* £m	Responsibility and authorisation
Over £1.250m (unless covered by a specific item in the budget)	Cabinet
Over £0.250m and up to and including £1.250m	Cabinet Member for Commercial Services and Asset Management
Over £0. <del>1000</del> 50m and up to and including £0.250m	Corporate Property Officer (Director of Property) in consultation with the Executive Director of Finance and Commercial Services
Up to and including £0. <del>1000</del> 50m	Corporate Property Officer (Director of Property)
All disposals at less than best consideration (irrespective of value)	Cabinet

#### Other Asset Disposal

Disposal value* £m	Responsibility and authorisation
Over £0.500m	Cabinet
£0.250m and up to and including £0.500m	Executive Director in consultation with Executive Director of Finance and Commercial Services
Up to but not including £0.250m	Executive Director
All disposals at less than best consideration (irrespective of value)	Cabinet

#### Land and property asset leases – leases out

Disposal value* £m	Responsibility and authorisation
All leases out or lease out renewals where the total value (annual rent multiplied by lease term) is more than £1.250m, or the term is over <del>250</del> years	Cabinet
All leases out or lease out renewals where the total value (annual rent multiplied by lease term) is over £0.250m and up to and including £1.250m, and the term is for <del>20</del> 5 years or less	Cabinet Member for Commercial Services and Asset Management
All leases out or lease out renewals where the total value (annual rent multiplied by lease term) is up to and including £0.250m and the term is for <del>250</del> years or less	Corporate Property Officer (Director of Property)

## Farm Business Tenancies

Disposal value* £m	Responsibility and authorisation
Farm business tenancies or renewals where the total value (annual rent multiplied by tenancy term) is more than £1.250m, or the term is over <del>25</del> 0 years	Cabinet
Farm business tenancies or renewals where the total value (annual rent multiplied by tenancy term) is over £0.250m and up to and including £1.250m, and the term is for <del>25</del> 0 years or less	Cabinet Member for Commercial Services and Asset Management
Farm business tenancies or renewals where the total value (annual rent multiplied by tenancy term) is up to and including £0.250m, and the term is for <del>20</del> 5 years or less	Corporate Property Officer (Director of Property)

## Other ~~land and p~~Property ~~asset t~~Transactions

Disposal value* £m	Responsibility and authorisation
Granting of all: <ul style="list-style-type: none"> <li>i. Licences</li> <li>ii. Leases, easements and wayleaves to statutory undertakers</li> <li>iii. Granting of easements and wayleaves</li> <li>iv. Tenancies at will</li> <li><del>v.</del> Lettings in accordance with the Mobile Home Act 1983</li> <li><del>v.</del>vi. <u>Statutory transfers in accordance with the school standards and frameworks act 1998</u></li> </ul>	Corporate Property Officer (Director of Property) <u>or by delegation to the Head of Property Support and Programmes</u> <u>or</u> <u>Head of Construction &amp; FM</u> <u>where a case is urgent, and the Director of Property is unavailable</u>

\*Disposal value in these tables refers to the valuation of the asset, irrespective of the consideration to be received.

## 5.13.7 Acquisitions

Acquisitions of assets will be undertaken as follows:

### Land and property asset acquisitions

Acquisition value £m	Responsibility and authorisation
Over £1.250m	Cabinet
Over £0.250m and up to and including £1.250m	Cabinet Member for Commercial Services and Asset Management
Over £0. <del>100</del> 50m and up to and including £0.250m	Corporate Property Officer (Director of Property) in consultation with the Executive Director of Finance and Commercial Services
Up to and including £0. <del>100</del> 50m	Corporate Property Officer (Director of Property)

### Other Asset Acquisitions

Acquisition value £m	Responsibility and authorisation
Over £0.250m	Cabinet
Up to and including £0.250m	Executive Director

### Land and property asset Leases – lease acquisitions

Acquisition value £m	Responsibility and authorisation
Lease acquisitions and renewals where the proposed total rental value (annual rent multiplied by lease term) is above £1.250m, or the term is over <del>2</del> 50 years	Cabinet
Lease acquisitions and renewals where the proposed total rental value (annual rent multiplied by lease term) is over £0.250m and up to and including £1.250m, and the term is for <del>2</del> 50 years or less	Cabinet Member for Commercial Services and Asset Management
Lease acquisitions and renewals where the proposed total rental value (annual rent multiplied by lease term) is up to and including £0.250m, and the term is for <del>2</del> 50 years or less	Corporate Property Officer (Director of Property)

### Other land and property transactions

Acquisition value £m	Responsibility and authorisation
Acquisition of all: i. Licences	Corporate Property Officer (Director of Property) <u>or by delegation to the Head</u>

Acquisition value £m	Responsibility and authorisation
ii. Leases, easements and wayleaves from statutory undertakers	<u>of Property Support and Programmes</u> <u>Or</u> <u>Head of Construction &amp; FM</u>
iii. Easements and wayleaves from other third parties.	<u>where a case is urgent, and the Director of Property is unavailable</u>
iv. Tenancies at Will	

5.13.8 The following activities are business as usual and will be approved by the Director of Property:

Where NCC acts as landlord or where NCC acts as tenant:

- Determination (ending of), surrender, assignment or forfeiture of leases, licences and other property rights.
- Agreeing dilapidations.
- Landlord consents (granting and requesting).
- Rent reviews.
- Agreeing sub leases.
- Minor alterations to lease in/lease out agreements to ensure the agreement is completed.

For freehold property disposed of or acquired:

- Agreeing overage and claw back provisions.
- Minor alterations to disposal or acquisition agreements to ensure the agreement is completed.

~~5.13.9 The government has consulted on regulations (the proposed Local Authorities (Functions and Responsibilities) (England) Regulations 2015) which would require any decision to dispose of land and buildings with a value above £500,000 to be agreed by the Full Council. The regulations above show the responsibility is with Cabinet / the Cabinet Member for Commercial Services and Asset Management pending the outcome of the consultation. As at October 2020 these have not yet been enacted. If enacted, the following thresholds would apply:~~

<del>Disposal value</del>	<del>Responsibility and authorisation for land and buildings</del>
<del>Up to and including £0.050m</del>	<del>Corporate Property Officer (Director of Property)</del>
<del>Over £0.050m and up to and including 0.250m</del>	<del>Corporate Property Officer (Director of Property) in consultation with the Executive Director of Finance and Commercial Services</del>
<del>Over £0.250m and up to and including £0.500m</del>	<del>Cabinet Member for Commercial Services and Asset Management</del>
<del>Over £0.500m and all disposals at less than best consideration (irrespective of value)</del>	<del>Full Council</del>

~~5.13.10~~ 5.13.9 The County Council has an aspiration to at least maintain the size of its current County Farms estate, under the County Farms policy agreed by the County Council in October 2014. To that end any capital receipts from the sale of County Farms and

will be treated in the following way:

For all County Farms land that is sold:

- If it is sold as **agricultural land**, 100% of the capital receipt will be hypothecated towards further acquisitions of County Farm land / capital improvements to the County Farm estate that produce a revenue uplift.
- If it is sold as **residential/development** land:
  - A valuation will be undertaken to establish the value of the land, should it have been sold without planning permission. That value will then be hypothecated towards further County Farm acquisitions / capital improvements to the County Farm estate that produce a revenue uplift.
  - The balance of the sale value will be split:
    - 65% towards general capital receipts to be utilised by the Council for any purpose.
    - 35% will be put into a reserve for the use of County Farms for further acquisitions / capital improvements to the County Farm estate that produce a revenue uplift.
    - If this reserve reaches £3m in value, then any additional receipts will be made available for general Council use for any purpose

## 5.14 Making Grants

5.14.1 Executive Directors are authorised by the Scheme of Delegated Powers to Officers to make grants (subject to any specific grant thresholds set out in the limitations on officers delegated powers within the Constitution). Executive Directors are responsible for ensuring that:

- adequate records are kept for the required period;
- controls are in place to ensure any grant conditions will be met, with provision to recover / claw back unused grant as appropriate;
- grant payments made by their department do not constitute a breach of subsidy rules; and
- any requirements to notify Members under the Local Member Protocol are complied with.

5.14.2 When making grant decisions or awards, Norfolk County Council must reserve the right to refuse (or recover) funding awarded by the authority if it is found that the recipient, or anyone connected to the use of the funding provided, is an active participant in support of extremist views / activity that is contra to the Authority's duty of due regard in relation to the Prevent Duty 2011.

## 5.15 Retention of Financial Records

5.15.1 The County Council has a specific policy in place on the minimum retention periods for financial records and these periods are set out in the corporate records retention and disposal scheme. Executive Directors should ensure records are maintained and held securely for the correct period, after which they should be disposed of in accordance with the procedures.

## 6 External Arrangements

## **6.1 Introduction**

- 6.1.1 Where the County Council operates in a devolved environment or through a partnership or other arrangements, the Executive Director of Finance and Commercial Services must ensure that the roles and responsibilities for each of the activities and tasks in maintaining financial administration and stewardship are clearly defined, allocated and operated effectively.

## **6.2 Partnerships**

- 6.2.1 The County Council has formal representation on many external boards.
- 6.2.2 Separate governance arrangements will exist for external boards / partnerships / joint ventures and decisions taken by Council Members at these boards that affect Norfolk County Council will still be subject to the Norfolk County Council Constitution.
- 6.2.3 The Executive Director of Finance and Commercial Services must ensure that the accounting and reporting arrangements to be adopted relating to partnerships and joint ventures, as defined within Financial Procedures, are satisfactory. The Executive Director of Finance and Commercial Services and Director of Governance must consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. They must also ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- 6.2.4 Executive Directors are responsible, in consultation with the Executive Director of Finance and Commercial Services and Director of Governance, for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies. They should also ensure that the risks identified above are mitigated where possible.

## **6.3 External Funding**

- 6.3.1 The Executive Director of Finance and Commercial Services is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the County Council's accounts. Executive Directors are responsible for ensuring that the Executive Director of Finance and Commercial Services is notified of external funding bids at an early stage. If there are conditions associated with funding, Executive Directors are responsible for ensuring that adequate records are kept for the required period and controls are in place to ensure that any grant conditions will be met, with provision in place to repay any amounts deemed non-compliant with the conditions.
- 6.3.2 The receipt of grants and acceptance of other external funding, outside of the annual budget setting process, should be undertaken in line with the approvals set out in the scheme of virement in Annex A. This reflects the fact that this type of income may have clawback provisions that could have a budgetary impact, and there should be transparency about the source of funding for any increase in spending within a service.

## **6.4 Financial Guarantees**

- 6.4.1 Executive Directors must inform the Executive Director of Finance and Commercial Services of all proposals that may require a financial guarantee prior to implementation.

- 6.4.2 The Executive Director of Finance and Commercial Services is responsible for ensuring that any proposed financial guarantee requirement is within the powers of the County Council and shall consult with the Director of Governance as appropriate. As a matter of principle, the County Council seeks to avoid providing financial guarantees. Any guarantees that are provided will be reported to Cabinet in financial monitoring reports.
- 6.4.3 Requirements for suppliers to provide the County Council with either bonds or guarantees shall be agreed with the Corporate Property Officer (Director of Property) (for property contracts) or the Director of Procurement (for other contracts)

## **6.5 Work for Third Parties**

- 6.5.1 Cabinet is responsible for approving the contractual arrangements for any work for third parties or external bodies, not already covered by the Scheme of Authorisation to Executive Directors.

## **6.6 Subsidy and Competition**

- 6.6.1 Executive Directors are responsible for ensuring that any payments (or payments in kind) made by their department do not constitute a subsidy or breach rules on competition. Subsidy (which includes the provisions which pre-date the UK-EU Trade and Co-operation Agreement where a project began when the UK was a member of the EU or during the subsequent transition period) are measures which mean that a level playing field for open and fair competition and sustainable development cannot be ensured. Typical examples can include:
- Cheap loans
  - Grant funding
  - Sharing staff, equipment or accommodation (particularly with wholly owned companies)
  - Waiver of deductions due on contracts.
- 6.6.2 If an Executive Director is unsure as to whether a payment or payment in kind would constitute a subsidy or anti-competitive practice, the advice of the Executive Director of Finance and Commercial Services should be sought in consultation with the Director of Governance where appropriate.

## **6.7 Projects / Business Cases (including Private Finance 2 (PF2)<sup>3</sup>)**

- 6.7.1 Executive Directors considering projects or business cases should consult with the Executive Director of Finance and Commercial Services during the preparation of the business case for submission.
- 6.7.2 County Council / Cabinet are responsible for approving material projects / business cases at all key stages. The Executive Director is responsible for ensuring that such approvals are sought and obtained from County Council / Cabinet in a timely manner.

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<sup>3</sup> Private Finance 2 (PF2) is the current model of Private Finance Initiative (PFI) for new Government projects. At the Autumn Budget 2018, the Government announced that it would no longer use PF2, although existing PFI and PF2 contracts were not affected by the announcement. In the event that PF2 or a successor scheme were to become an option in future, Executive Directors considering such projects should consult with the Executive Director of Finance and Commercial Services during the preparation of the business case for submission.

6.7.3 There will not be a maximum payback period for carbon reduction projects where the Executive Director of Finance and Commercial Services agrees that the net present value of the project is positive, after allowing a reasonable contingency for risk.

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

- ensuring that the project / business case has the necessary support from appropriately skilled financial and procurement specialists at all stages of its procurement, as well as during the operational stage
- ensuring that the necessary banking arrangements are available in time for the project to commence
- endorsing the outline business case, including underlying financial assumptions, value for money, and ability to deliver
- ensuring that the financial implications of all projects are incorporated in financial planning.

Executive Directors are responsible for:

- preparing a business case for submission prior to commencing the procurement process
- ensuring that the project has the necessary support from appropriately skilled legal and procurement specialists at all stages of its procurement, as well as during the operational stage
- compliance with Contract Standing Orders
- ensuring that, at all stages, cost estimates for both the capital and revenue expenditure are carefully made and reviewed to ensure that they are robust before seeking formal approval from County Council / Cabinet
- ensuring that procedures are in place to limit, as far as reasonably possible, the likelihood of the County Council failing to pay the contractor on time, or otherwise defaulting or making an overpayment
- informing the Executive Director of Finance and Commercial Services of any matter that may lead to termination under the contract. Cabinet is required to approve termination of a contract by use of the Authority Default provisions
- fully considering the risks associated with undertaking a project and reporting them to Cabinet when they are considering the approval of a project
- ensuring that any dedicated bank accounts necessary to enable their projects to function efficiently are set up and properly operated. Any bank accounts opened in the name of the County Council require the approval of the Executive Director of Finance and Commercial Services.

6.7.5 In relation to existing PFI and PF2 contracts, Executive Directors are responsible for ensuring that deductions required to the unitary payment for the unavailability of the contracted service or a performance shortfall are made in full in a timely manner. If another service or asset is proposed in exchange for foregoing such deductions, the Executive Director of Finance and Commercial Services is responsible for ensuring that the alternative proposal has a value equal to the foregone deductions.

6.7.6 Where the County Council has the right to make a deduction under the contract, any waiver of the deduction shall be treated as a write-off of debt and shall be covered by the Council's Debt Recovery procedure. When considering the thresholds for approval of the write off, all deductions due in a financial year should be aggregated together.

6.7.7 Private Finance transactions contain complex financial arrangements including (usually) a Funder's Direct Agreement that can obligate the County Council to take



over the responsibility for the Contractor's debt in the event of Authority or Contractor default. It is the responsibility of the Executive Director to ensure that the Executive Director of Finance and Commercial Services has all the relevant information regarding these arrangements and of any material financial matters. It is the responsibility of the Executive Director of Finance and Commercial Services to account for the arrangements in accordance with the relevant regulations and proper accounting practice.

## **6.8 Social Impact Bonds (SIBs)**

- 6.8.1 Social Impact Bonds (SIBs) are a means of commissioning services where payment or funding for the service is conditional on the achievement of specified outcomes. Executive Directors considering such projects should consult with the Executive Director of Finance and Commercial Services during the preparation of the business case for submission to Cabinet.
- 6.8.2 Cabinet is responsible for approving SIB projects. The Executive Director is responsible for ensuring that such approvals are sought and obtained from Cabinet in a timely manner.
- 6.8.3 The Executive Director of Finance and Commercial Services is responsible for:
- ensuring that the project has the necessary support from appropriately skilled financial and procurement specialists at all stages of its procurement, as well as during the operational stage
  - endorsing the outline business case, including underlying financial assumptions, value for money, and ability to deliver
  - ensuring that the financial implications of all SIBs are incorporated in financial planning.
- 6.8.4 Executive Directors are responsible for:
- preparing a business case for submission to Cabinet at an appropriate point
  - ensuring that the project has the necessary support from appropriately skilled legal and procurement specialists at all stages of its procurement, as well as during the operational stage
  - compliance with Contract Standing Orders
  - ensuring that, at all stages, cost estimates are carefully made and reviewed to ensure that they are robust, that a sufficient budget is available to fund the anticipated level of outcome payments, and there are measures in place to limit the County Council's exposure to uncapped outcome payments
  - ensuring that procedures are in place to limit, as far as reasonably possible, the likelihood of the County Council failing to pay the investor on time, or otherwise defaulting or making an overpayment
- 6.8.5 It is the responsibility of the Executive Director to ensure that the Executive Director of Finance and Commercial Services has all the relevant information regarding the arrangements for the SIB and of any material financial matters. It is the responsibility of the Executive Director of Finance and Commercial Services to account for the arrangements in accordance with the relevant regulations and proper accounting practice.

## Annex A

### Norfolk County Council's Scheme of Virement

#### Background

1. The scheme of virement is intended to enable Cabinet, Executive Directors and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the County Council, and therefore to optimise the use of resources.
2. The scheme is administered by the Executive Director of Finance and Commercial Services within guidelines set by the County Council. Any variation from this scheme requires the approval of the County Council.
3. The overall budget is approved by the County Council. Executive Directors and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement; that is, switching resources between approved estimates or heads of expenditure – both revenue and capital. For the purposes of this scheme, a budget head is considered to be the subdivision of Departmental / service budgets as reported in the County Council Budget Book for the relevant year. Virement does not include the switching of resources between revenue and capital.
4. Virement does not create additional overall budget liability. Executive Directors are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Executive Directors must plan to fund such commitments from within their own budgets.
5. The capital and revenue budgets may contain block allocations of funding for specific purposes. The movement of resources from a block allocation to a specific identified scheme does not constitute a virement provided that the expenditure being incurred is in accordance with the original policy decision agreed by the County Council. If an Executive Director wishes to transfer funding from a block allocation and use it for a different purpose, for example, the transfer of purchase of care from one client group to a different client group, the rules below will apply.
6. The scheme also covers receipt of grants and acceptance of other external funding, outside of the annual budget setting process.

#### Revenue

7. County Council is responsible for agreeing virement **between** services (as shown in the budget report to County Council in February each year), and where the virement has a value in excess of £200,000.
8. Cabinet is responsible for agreeing virement **between** services where the virement has a value of up to £200,000, subject to the prior agreement of the virement by the service department(s) concerned.
9. County Council is also responsible for agreeing virements between budget heads defined in 3 above – **within** services, where the virement has a value in excess of 1% of the net budget of the service (as shown in the budget report to County Council in February) or £100,000 – whichever is the higher. For Children's Services, net budget is calculated exclusive of amounts delegated to schools.

10. All other virements are the responsibility of Executive Directors, subject to consultation with the relevant Cabinet Portfolio Holder, Leader or Deputy Leader and the agreement of the Executive Director of Finance and Commercial Services.
11. Executive Directors may delegate authority to make virements to other officers, consistent with the above and in accordance with formally agreed departmental arrangements.

## **Capital**

12. County Council is responsible for agreeing virements between services and schemes (as shown in the Capital Budget document produced by the Executive Director of Finance and Commercial Services).
13. County Council is also responsible for agreeing virements greater than £250,000 within services or schemes (as defined above).
14. All other virements are the responsibility of Executive Directors, subject to consultation with the relevant Cabinet Portfolio Holder, Leader or Deputy Leader and the agreement of the Executive Director of Finance and Commercial Services and subject to the service's overall financial provision for capital spending not being exceeded in the current and future years.

**Annex B**  
**Norfolk County Council process for the issue of a report under Section 114 of the**  
**Local Government Finance Act 1988**

**Background**

1. Section 114 of the Local Government Finance Act 1988 requires a report to all the authority's Members to be made by the Section 151 Officer (Executive Director of Finance and Commercial Services) in consultation with the Monitoring Officer (Director of Governance) if there is, or is likely to be, unlawful expenditure or an unbalanced budget. Similar provisions apply under s114A if the decision is an Executive decision. The Executive Director of Finance and Commercial Services takes a view of the robustness of the Council's budget across the whole period covered by the Medium-Term Financial Strategy. Making a report under section 114 is likely to have serious implications and this Annex therefore sets out the process and controls which will be adopted prior to such a report being made. It should be noted that the objective of these Financial Regulations and, more broadly, the Council's effective financial management and reporting procedures, is to minimize the prospect of the Executive Director of Finance and Commercial Services being required to make such a report, and such an eventuality is to be avoided if possible.
2. The Executive Director of Finance and Commercial Services has a duty to report to the authority if they believe:
  - that a decision involves, or would involve, unlawful expenditure (114 (2) (a));
  - a course of action is unlawful and is likely to cause a loss or deficiency (114 (2) (b));
  - an entry of account is unlawful (114 (2) (c)).
3. In such circumstances, the Executive Director of Finance and Commercial Services is required to make a report to the authority and send a copy to every Member and the external auditor. The Full Council (or in the case of a report under s114A, the Executive) must consider the report within 21 days and the action to which the report relates must not be pursued until this has taken place. Full Council (or the Executive in the case of a s114A report) must decide whether it agrees or disagrees with the report and determine the action it proposes to take.
4. The Executive Director of Finance and Commercial Services is also required to inform the authority in the event they believe that expenditure is likely to exceed available resources (114 (3)). The authority then may not enter into agreements incurring expenditure until the report has been considered by the full council.
5. Information leading to the preparation of a section 114 report might arise from a council officer (including a member of the Finance and Commercial Services department), a Member of the council, the public, or from the authority's auditors. Members and officers should note that it is the Executive Director of Finance and Commercial Services' duty to investigate possible issues which might lead to a formal report. The statutory duty to make a report rests with the Executive Director of Finance and Commercial Services.
6. A report made under section 114 (2) requires the Executive Director of Finance and Commercial Services to make a judgement that a decision or course of action is unlawful. Such a decision will only be made after consultation with the Director of Governance (Monitoring Officer). A report made under section 114 (3) relates to a

financial judgement which may be reached by the Executive Director of Finance and Commercial Services alone, although consultation with the Head of Paid Service and Director of Governance (Monitoring Officer) is still required in case other corporate and legal issues arise as a result of the report.

7. These Financial Regulations adopt the recommendations of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government, where further information about the issuing of a section 114 report can be found.

## Section 114 Process

8. The process for the issuing of a report under section 114 (2) in relation to an unlawful decision or course of action (either retrospective or potential) is as follows:
  - 1) **Executive Director of Finance and Commercial Services consults with Director of Governance** (Monitoring Officer) to determine whether an action or proposed action was or will be unlawful
  - 2) **Consult with Head of Paid Service**
  - 3) In the event of disagreement or doubt, Director of Governance to seek opinion of counsel
  - 4) Following confirmation that an action would be unlawful; a prospective **action may be halted** at this stage through management action. In such an event, no further action or report would be required
  - 5) In the case of an **event which has already occurred, or where it is not possible to stop** the course of action, the Executive Director of Finance and Commercial Services will **draft a report** under Part VIII of the Local Government Finance Act 1988
  - 6) Report agreed with Head of Paid Service and Director of Governance (consultation with counsel if required)
  - 7) Executive Director of Finance and Commercial Services **signs report** - sent to every member of the council and the external auditor as soon as practical. The report should normally be sent with the summons to the Full Council meeting (or Cabinet, if appropriate) which will consider it. Proof of sending should be retained
  - 8) From the date of issue, a **prohibition period** begins (the action may not be progressed). Within 21 days the Full Council (or Cabinet, if appropriate) must meet to consider the report. The Head of Paid Service notifies the External Auditor of the date, time and place of the meeting
  - 9) Full Council (or Cabinet, if appropriate) may **agree the report** and decide remedial action **or disagree the report** and take no action. The prohibition period ends the following day and the **Head of Paid Service notifies the External Auditor of the outcome**

9. The process for the issuing of a report under section 114 (3) in relation to an unbalanced budget position is as follows:
1. **Executive Director of Finance and Commercial Services** identifies that **Capital or Revenue expenditure exceeds likely resources** (either for current or future year)
  2. **Consult with Head of Paid Service** and **seek corrective action** for the relevant year. Executive Director of Finance and Commercial Services considers need for **informal consultation with Internal and External Auditor**
  3. In the event that **corrective action is successful**, no further action or report would be required
  4. In the **event that the corrective action is not successful**, the Executive Director of Finance and Commercial Services will **draft a report** under Part VIII of the Local Government Finance Act 1988
  5. **Consultation** about report with Head of Paid Service and Director of Governance (Monitoring Officer)
  6. Executive Director of Finance and Commercial Services **signs report** - sent to every member of the council and the external auditor as soon as practical. The report should normally be sent with the summons to the Full Council meeting which will consider it. Proof of sending should be retained
  7. From the date of issue, a **prohibition period** begins (no new expenditure may be undertaken). All budget holders (including schools) must be notified of restrictions. Within 21 days the Full Council (or Cabinet, if appropriate) must meet to consider the report. The Head of Paid Service notifies the External Auditor of the date, time and place of the meeting
  8. Full Council (or Cabinet, if appropriate) may **agree the report** and decide remedial action **or disagree the report** and take no action. The prohibition period ends the following day and the **Head of Paid Service notifies the External Auditor of the outcome**

## **Exceptions and other considerations**

10. There are a number of circumstances which would not necessarily result in the preparation of a section 114 report. These include:
  - Emerging matters or a developing situation. This would include occasions where a view is requested on a proposal which may be under consideration but which if pursued could result in a reportable matter. A simple preliminary request would not give rise to a need to report, although any further developments would need to be monitored.
  - Items of trivial expenditure or loss of income.
  - Cases of discovered fraud (which may in any case lead to criminal prosecution) would not normally result in a requirement for a section 114 report but will be dealt with under the Council's existing Anti-Fraud and Corruption Strategy, as referenced elsewhere within the Financial Regulations.
  - A service overspend in and of itself is unlikely to give rise to a section 114 report, which would only be required where the Council's total resources are likely to fall short of expenditure and the Executive Director of Finance and Commercial Services judges that there is no reasonable prospect of the position being resolved or mitigated.
11. The above list is not exhaustive. In these and similar circumstances, the Executive Director of Finance and Commercial Services will give consideration to the need for a report under section 114, in consultation with other officers as required.
12. In the case of a developing situation, careful consideration will need to be given to the timing of any report, in particular to distinguish between an emerging situation and an actual one. Every reasonable action will be taken to avoid the need for a section 114 report by providing timely financial advice including alternative options to avoid an emerging reportable situation from ultimately arising.

## **Further action**

13. The Executive Director of Finance and Commercial Services' statutory duties under section 114 are discharged once a report has been issued to Full Council (or Cabinet, if appropriate). In the event that Full Council (or Cabinet, if appropriate) does not agree with a report issued under section 114, it is likely that any further formal action would be taken by the External Auditor through the issue of an advisory notice under section 29 (schedule 8) of the Local Audit and Accountability Act 2014 or by applying to the court for a declaration under section 31 of the above Act.



# **Corporate Select Committee**

**Item No:9**

**Report Title: Policy for Parental Leave for Councillors**

**Date of Meeting: 14 November 2022**

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

**Responsible Director: Director of Governance**

## **Executive Summary**

On 29<sup>th</sup> November 2021 full Council considered and agreed a report from the Council's Independent Remuneration Panel (IRP). As part of the work that the IRP were asked to report on, the Council asked for their views on parental leave for Councillors and cover during periods of extended leave.

Full Council agreed that the County Council should consider the adoption of a policy to support parental leave for Councillors which makes appropriate provision for the payment of allowances. As part of its remit to consider good governance for the Council, Corporate Select Committee is asked to consider this policy before it is taken for adoption at Full Council.

## **Action Required**

**The Select Committee is asked to:**

- 1. Consider the attached draft policy for parental leave, which includes cover for extended periods of leave for Councillors and recommend it to full Council for adoption.**
- 2. Recommend to Council that it agrees to authorise the Director of Governance (in consultation with the Leader of the Council) to make any minor or consequential amendments to the Constitution necessary for, or incidental to, the implementation of these proposals.**

## **1. Background and Purpose**

- 1.1** On 29<sup>th</sup> November 2021 Council considered and agreed the report from the Independent Remuneration Panel (IRP). As part of the work that the IRP were asked to report on, the Council asked for the views of the IRP on arrangements

for parental leave for Councillors and cover during periods of extended leave.

- 1.2 In considering this request the IRP were clear that it was not for them to determine what the County Council's parental leave policy should be however, they were asked to consider whether Councillors taking maternity, paternity or adoption leave should continue to receive their special responsibility allowance (SRA) in full for the period of the leave.
- 1.3 The County Council is keen to encourage and make it as easy as possible for as wide a range of people to stand as elected representatives. There is currently no legal right to parental leave for elected Councillors with any policies only implemented on a voluntary basis. The LGA has produced a Parental Leave Policy for Councils to use on a voluntary basis noting that improved provision for new parents, "... will contribute towards increasing the diversity of experience, age and background of local authority councillors. It will also assist with retaining experienced councillors - particularly women - and making public office more accessible to individuals who might otherwise feel excluded from it.". A copy can be viewed [here](#)<sup>1</sup>.
- 1.4 In addition to taking periods of leave the IRP noted that Councillors may also need to have temporary cover for a variety of personal reasons. The Council has highlighted that there may be a need on occasions to ensure that adequate arrangements are in place to provide cover for any Cabinet Members or recipients of an SRA during this period. The IRP were asked to consider if in cases where the post holder is in receipt of an SRA and a replacement is appointed to cover the period of absence whether that person should receive an SRA on a pro rata basis for the period of the temporary appointment.
- 1.5 As part of the review the IRP spoke to political group leaders and from those that made representations there was broad agreement that the County Council should introduce a parental leave policy in accordance with the LGA's policy. The IRP were also supportive that all Members should receive their basic allowance and any SRAs in full whilst on maternity, paternity or adoption leave.
- 1.6 In considering proposals regarding Councillors in receipt of an SRA while on extended periods of leave, the IRP considered that this was difficult to determine due to the differing roles and responsibilities that the SRAs covered and the length of time that cover may be needed. They recognised that although it may be appropriate for someone to provide temporary cover unremunerated in the short term there was a need to determine what constituted 'long term' cover.
- 1.7 The IRP considered the draft parental leave policy which was due to be considered by Cambridgeshire County Council at their meeting on 9<sup>th</sup> November 2021 and noted their proposal that those Councillors entitled to an

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<sup>1</sup> [LGA Parental Leave Policy for Councils](#)

SRA would continue to receive their allowance in full for a period of six months, 'if they were absent from their Councillor duties due to leave for maternity, paternity, adoption and shared parental leave'. Further guidance from the Council's Director of Governance supported this timescale as appropriate in that it would align with the requirement for Members of the Council to attend at least one meeting within a six-month consecutive period.

- 1.8 As part of the review representations were received that in considering a policy for Councillors requiring cover in cases of sickness or special leave of absence that any absence should be approved by the Monitoring Officer to ensure that the provision was applied correctly. This is reflected in the draft policy attached.

## **2. Proposal**

- 2.1 It was agreed at full Council on 29<sup>th</sup> November 2021 that the County Council should consider the adoption of a policy to support Parental Leave for Councillors which makes appropriate provision for the payment of allowances. As part of its remit to consider the Council's governance arrangements Corporate Select Committee is asked to consider this policy and comment before it is taken for adoption at full Council.
- 2.2 Attached at Appendix A is a draft policy incorporating the guidelines proposed by the LGA on parental leave for Councillors. Having also been considered and recommended by the IRP the policy also includes guidance for those Councillors taking periods of long-term sickness or special leave of absence.

## **3. Impact of the Proposal**

- 3.1 The objective of the policy is to ensure that as far as possible Members can take appropriate leave at the time of birth or adoption, that both parents are able to take leave, and that reasonable and adequate arrangements are in place to provide cover for councillors during any period of long-term sickness or special leave of absence.

## **4. Evidence and Reasons for Decision**

- 4.1 County Councillors are not employees of the Council and are not entitled to the same rights as employees to parental or adoption leave. There is no legal right for Councillors to such leave and it is entirely at the discretion of the County Council to have such a policy in place.
- 4.2 The attached policy reflects best practice and is consistent with that agreed by the LGA to which all Councils are strongly suggested to adopt.

- 4.3 The policy will support those Councillors needing to take leave from their duties due to parental responsibilities or extended periods of absence due to ill health. It will ensure that appropriate cover is in place to endorse good governance in the Council.

## **5. Alternative Options**

- 5.1 Corporate Select Committee could agree alternative proposals to those recommended by the IRP and LGA or recommend to Council that the Policy should not be adopted.
- 5.2 It is for full Council to adopt any change in policy relating to Members allowances.

## **6. Financial Implications**

- 6.1 A basic allowance is currently paid to all County Councillors. It is proposed that Members continue to receive this in full during maternity, paternity and adoption leave and in full in cases of long-term sickness or special leave of absence for a period of up to six months. There are no additional financial implications arising from this.
- 6.2 Special responsibility allowances (SRA) are currently paid to those Councillors that undertake special responsibilities within the Council. Only a small proportion of Councillors currently receive an SRA. Details of those posts that receive an SRA can be found in the [County Council's Constitution](#). There are no additional financial implications arising from Members continuing to receive their SRA during maternity, paternity and adoption leave and in full in cases of long-term sickness or special leave of absence for a period of up to six months.
- 6.2 Where a replacement is appointed to cover the period of absence and that person receives an SRA on a pro rata basis for the period of the temporary appointment there would be an additional temporary financial implication for the Council. It is difficult to quantify the exact financial implication of this as it would depend on the position that temporary cover would be remunerated but it is expected that the cost would be minimal.

## **7. Resource Implications**

- 7.1 **Staff:**None
- 7.2 **Property:** None
- 7.3 **IT:** None

## **8. Other Implications**

- 8.1 **Legal Implications:**

There is no legal obligation for the County Council to have a policy in place to for maternity, paternity and adoption leave for Councillors. This is voluntary for the Council to adopt.

**8.2 Human Rights Implications: None**

**8.3 Equality Impact Assessment (EqIA):**

Improved provision for new parents will contribute towards increasing the diversity of experience, age and background of County Councillors. It will also assist with retaining experienced councillors, particularly women, and in making public office more accessible to individuals who might otherwise feel excluded from it.

**8.4 Data Protection Impact Assessments (DPIA):**

N/A

**8.5 Health and Safety implications (where appropriate):**

N/A

**8.6 Sustainability implications (where appropriate):**

N/A

**8.7 Any Other Implications:**

N/A

**9. Risk Implications / Assessment**

9.1 None.

**10. Action required**

The Select Committee is asked to:

1. Consider the attached draft policy for parental leave, which includes cover for extended periods of leave for Councillors and recommend it to full Council for adoption.
2. Recommend to Council that it agrees to authorise the Director of Governance (in consultation with the Leader of the Council) to make any minor or consequential amendments to the Constitution necessary for, or incidental to, the implementation of these proposals.

**11. Background Papers**

11.1 [Local Government Association Parental Leave Policy for Councillors](#)

- 11.2 [Independent Remuneration Panel report: County Council agenda and minutes from meeting held on 29<sup>th</sup> November 2021](#)
- 11.3 [Cambridgeshire County Council Parental Leave Policy](#)

**Officer Contact**

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

**Officer name: Karen Haywood**

**Telephone no.: 01603 228913**

**Email: [karen.haywood@norfolk.gov.uk](mailto:karen.haywood@norfolk.gov.uk)**



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## **Norfolk County Council**

# **Policy for parental leave and extended periods of leave for Councillors**

### **Introduction**

Norfolk County Council aims to encourage and make it as easy as possible for as wide a range of people to stand as a Councillor. One of the ways in which we can do this is to ensure that as far as we can we make it possible for Members as parents to be able to take appropriate leave at the time of birth or adoption and to make sure that reasonable and adequate arrangements are in place to provide cover for portfolio-holders and those Members in receipt of a Special Responsibility Allowance (SRA) during any leave they take.

There is currently no legal right for Councillors to parental leave and any provision is voluntary on the part of the Council.

### **Maternity leave**

Members giving birth will be entitled to up to 6 months maternity leave from the due date, with the option to extend up to 52 weeks by agreement if required. In addition, where the birth is premature, the Member is entitled to take leave during the period between the date of the birth and the due date in addition to the 6 months' period. In such cases any leave taken to cover prematurity of 28 days or less shall be deducted from any extension beyond the initial 6 months.

In exceptional circumstances, and only in cases of prematurity of 29 days or more, additional leave may be taken by agreement, and such exceptional leave shall not be deducted from the total 52-week entitlement.

### **Paternity leave**

Members shall be entitled to take a minimum of 2 weeks paternity leave if they are the biological father or nominated carer of their partner/spouse following the birth of their child(ren). A Member who has made Shared Parental Leave arrangements through their employment is requested to advise the Council of these at the earliest possible opportunity. Every effort will be made to replicate such arrangements in terms of leave from the Council.

Where both parents are Members leave may be shared up to a maximum of 24 weeks for the first six months and 26 weeks for any leave agreed thereafter, up to a maximum of 50 weeks. Special and exceptional arrangements may be made in cases of prematurity.

### **Adoption Leave**

A Member who adopts a child through an approved adoption agency shall be entitled to take up to six months adoption leave from the date of placement, with the option to extend up to 52

weeks by agreement with the Monitoring Officer if required.

## **Legal and procedural responsibilities**

Any Member who takes maternity, shared parental or adoption leave retains their legal duty under the Local Government Act 1972 to attend a meeting of the Council within a six-month period unless the Council Meeting agrees to an extended leave of absence prior to the expiration of that six month period.

Any Member intending to take maternity, paternity, shared parental or adoption leave will be responsible for ensuring that they comply with the relevant notice requirements of the Council, both in terms of the point at which the leave starts and the point at which they return.

Any member taking leave should ensure that they respond to reasonable requests for information as promptly as possible, and that they keep officers and colleagues informed and updated in relation to intended dates of return and requests for extension of leave.

## **Allowances**

Norfolk County Council have agreed that Members shall continue to receive their Basic Allowance in full whilst on maternity, paternity or adoption leave. Those Members entitled to a Special Responsibility Allowance (SRA) shall continue to receive their allowance in full in the case of maternity, paternity, shared parental or adoption leave.

Where a replacement is appointed to cover the period of absence that person shall receive an SRA on a pro rata basis for the period of the temporary appointment. The payment of Special Responsibility Allowances, whether to the primary SRA holder or a replacement, during a period of maternity, paternity, shared parental or adoption leave shall continue for a period of six months, or until the date of the next Annual Meeting of the Council, or until the date when the member taking leave is up for election (whichever is soonest). At such a point, the position will be reviewed, and will be subject to a possible extension for a further six-month period with the agreement of the Monitoring Officer.

Should a Member appointed to replace the member on maternity, paternity, shared parental or adoption leave already hold a remunerated position, the ordinary rules relating to payment of more than one Special Responsibility Allowances shall apply.

Unless the Member taking leave is removed from their post at an Annual General Meeting of the Council whilst on leave, or unless the Group to which they belong loses control of the Council during their leave period, they shall return at the end of their leave period to the same post, or to an alternative post with equivalent status and remuneration which they held before the leave began.

## **Resigning from Office and Elections**

If a Member decides not to return at the end of their maternity, paternity, shared parental or adoption leave they must notify the Council at the earliest possible opportunity. All allowances will cease from the effective resignation date.



If an election is held during the Member's maternity, paternity, shared parental or adoption leave and they are not re-elected, or decide not to stand for re-election, their basic allowance and SRA if appropriate will cease from the Monday after the election date when they would technically leave office.

## **Extended periods of leave**

In addition to taking periods of leave Councillors may also need to have temporary cover for a variety of personal reasons and adequate arrangements need to be in place to provide cover for any Cabinet Members or recipients of an SRA during this period.

Norfolk County Council have agreed that Members shall continue to receive their Basic Allowance in full in cases of long-term sickness or special leave of absence for a period of up to six months.

Those Members entitled to a Special Responsibility Allowance (SRA) shall continue to receive their allowance in full in the case of long-term sickness or special leave of absence for a period of up to six months.

Where a replacement is appointed to cover the period of absence that person shall receive an SRA on a pro rata basis for the period of the temporary appointment. The payment of Special Responsibility Allowances, whether to the primary SRA holder or a replacement, during a period of long term sickness or special leave of absence shall continue for a period of six months, or until the date of the next Annual Meeting of the Council, or until the date when the member taking leave is up for election (whichever is soonest). At such a point, the position will be reviewed, and will be subject to a possible extension for a further six-month period.

Should a Member appointed to replace the member on maternity, paternity, shared parental or adoption leave already hold a remunerated position, the ordinary rules relating to payment of more than one Special Responsibility Allowances shall apply.

## **Monitoring**

In applying the provisions within this policy the County Council's Monitoring Officer will consider any absences and ensure that all provisions are applied correctly and any arrangements for remuneration are appropriate.

# Corporate Select Committee

Item No:10

**Report Title: Digital Strategy Update**

**Date of Meeting: 14 November 2022**

**Responsible Cabinet Member: Cllr Tom FitzPatrick** (Cabinet Member for Innovation, Transformation & Performance)

**Responsible Director: Simon George – Executive Director, Finance & Commercial Services**

## Executive Summary

The NCC Digital Strategy and Roadmap for the 2020s was approved by Cabinet in April 2021 and built upon the solid foundations established in the 2018-2021 Digital Strategy. This is the first update to the Corporate Select Committee and provides an overview of delivery of the strategy and also highlights some specific areas of likely interest.

Digital Connectivity across the County has continued to improve, with fixed broadband and IoT networks the highlights. Mobile coverage has made more modest improvements and the Shared Rural Network programme is disappointing, so NCC may need to do more here.

Delivery against internal corporate roadmap and capability improvement initiatives has progressed well and is covered through an accompanying presentation. This also includes examples of recently refreshed technology roadmaps.

Complementary digital programmes in Adults, Childrens, Transformation and Customer Services are all performing strongly in line with the Digital Strategy & Roadmaps.

NCC support for county wide partnership initiatives including the Shared Care Records Programme & Digital Inclusion are also performing well and are reported separately.

## Action Required

The Select Committee is asked to:

1. Consider and comment on the updates contained in this report.
2. To advise whether the Committee would wish to consider any alterations or additions to the current plans.
3. To consider options to improve mobile coverage.

## **1. Background and Purpose**

- 1.1 The purpose of the NCC Digital Strategy and Roadmap for the 2020s is to define how technology, digital infrastructure and digital services will be delivered and exploited to achieve the Council's strategic vision and objectives.

The two main objectives of the strategy are firstly to provide the platform to enable business growth and inclusive growth for the people of Norfolk, and secondly, to enable all areas of the County Council's operations to exploit digital, technological and data driven opportunities to achieve the best possible outcomes within our budget.

- 1.2 Digital Connectivity has continued to improve strongly in terms of fibre broadband (Superfast & Gigabit) with significant investment for ongoing improvements. Sensor networks deployment and fixed wireless (for hard-to-reach sites) are also progressing well under our direct supervision. Conversely, mobile improvements have been modest and remain a cause of frustration for residents, businesses, and visitors alike. The government and industry funded Shared Rural Network (SRN) Programme is not having the hoped-for impact in Norfolk as investment is primarily being focussed on levelling up coverage in Scotland and Wales.
- 1.3 Delivery of the Council's infrastructure improvements and technology enabled change projects progresses largely in line with targets. Nearly all initiatives are rated green or amber for delivery based on time, cost and benefits. The accompanying presentation will show current priority areas and how they have changed since the 2021/22 financial year.
- 1.4 Complimentary projects and programmes associated with the Digital Strategy are predominantly on track for time, cost and benefits. These are reported separately to Corporate Select Committee and other committees but should be considered in conjunction with the NCC overarching digital strategy. They include the Customer Experience Programme (for resident facing / supporting digital systems), Adults & Childrens Transformation Programmes, Smarter Working & My Oracle. Though the latter has experienced some difficulties bedding in since go live, this remains in my opinion a very successful

implementation of a massive new system which always takes time and by its nature tends to be high profile if it goes wrong.

- 1.5 Recruitment and retention of digital, data and technology staff is extremely difficult in the current marketplace and this has caused some challenges in delivering the breadth of the planned change initiatives. However, use of apprentices and strategic suppliers has enabled on-target delivery of all key priorities.
- 1.6 The plan to digitally up-skill staff outside the IMT team to improve the overall pace of technology adoption has been a highlight of the last year's activities. Use of low code systems, joint working on Robotic Process Automation and uptake of digital change training with Microsoft & Socitm are examples of leading practice by NCC.
- 1.7 Technical roadmaps have been refreshed for 2021/22 in conjunction with industry partners, most notably Gartner and examples are included in the presentation. All roadmaps will be published on the Council's website to enable transparency with our delivery partners and suppliers.

## **2. Proposal**

- 2.1 Members will receive a presentation at the meeting from the Director IMT & Chief Digital Officer to provide further details including current priorities, examples of project and programme updates, roadmaps and dashboards to provide assurance of a well-managed delivery portfolio as well as stimulate discussion in shaping and directing ongoing efforts to improve the Council's effectiveness and efficiency through the use of digital, data and technology.
- 2.2 While NCC cannot directly fund Mobile coverage improvements in the way we have with Better Broadband for Norfolk (BBfN), there are some options for investment that could help stimulate improvements in coverage. These include (a) mapping coverage to lobby the mobile network operators (MNOs), (b) offering standard tariffs and agreements for access to our buildings and land, and (c) creating a council asset database for the MNOs to access. The committee's views on developing these approaches further would be welcomed.

## **3. Impact of the Proposal**

- 3.1 The impact of the proposal will be the continuation and potential enhancement of a programme of work to ensure that council staff, our partners, residents, businesses, and visitors all have access to high quality connectivity, systems, and data as well as the skills needed to exploit them.

## **4. Evidence and Reasons for Decision**

- 4.1 The proposals seek to achieve a balance between the rate and scope of improvement and the costs incurred by the Council.

## **5. Alternative Options**

- 5.1 It could be decided to retain the current set of activities, or the committee may wish to further investigate alternatives.

## **6. Financial Implications**

- 6.1 All current activities are funded. The costs are provided through Council budgets or from external organisations (DCMS, DLUHC, LGA, New Anglia LEP and BT Openreach through gainshare). Any additional activities considered would need to be costed.

## **7. Resource Implications**

### **7.1 Staff:**

The programme is delivered predominantly by permanent council staff, though apprentices, NHS/ICS staff and fixed term contractors and supplier all provide valuable contributions.

### **7.2 Property:**

The Digital Strategy is supporting the transformation of the property portfolio in line with Smarter Working and green initiatives as well as ensuring high speed connectivity.

### **7.3 IT:**

The provision of the Digital Connectivity is the primary function of the IMT service along with supporting and maintaining the existing equipment, infrastructure, data & staff.

## **8. Other Implications**

### **8.1 Legal Implications:**

None.

**8.2 Human Rights Implications:**

None.

**8.3 Equality Impact Assessment (EqIA) (this must be included):**

None as this is an update report to an existing strategy.

**8.4 Data Protection Impact Assessments (DPIA):**

None.

**8.5 Health and Safety implications (where appropriate):**

None.

**8.6 Sustainability implications (where appropriate):**

The IMT strategy is contributing to the sustainability agenda by reducing the carbon footprint associated with the running of the Councils IT systems, as well as enabling wider reductions in the Council's overall carbon footprint.

**8.7 Any Other Implications:**

None.

**9. Risk Implications / Assessment**

9.1 There are no new risks associated with this update report.

**10. Recommendations**

The Select Committee is asked to:

1. Consider the progress made and prospects for further improvement.
2. Advise whether the Committee would wish to consider any alterations or additions to the current plans.
3. consider options to improve mobile coverage

**11. Background Papers**

11.1 Norfolk's Digital Strategy & Roadmap - <https://www.norfolk.gov.uk/what-we-do-and-how-we-work/campaigns/digital-connectivity/digital-strategy-and-roadmap>

**Officer Contact**

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

**Officer name: Geoff Connell**

**Telephone no.: 01603 307779**

**Email: [Geoff.Connell@norfolk.gov.uk](mailto:Geoff.Connell@norfolk.gov.uk)**



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# Corporate Select Committee

## Item No. 11

<b>Report title:</b>	<b>2022 Staff Survey 'Our Voice Our Council': Summary Report and Next Steps</b>
<b>Date of meeting:</b>	<b>14<sup>th</sup> November, 2022</b>
<b>Responsible Cabinet Member:</b>	<b>Cllr Andrew Proctor, Leader</b>
<b>Responsible Director:</b>	<b>Paul Cracknell, Executive Director, Strategy and Transformation</b> <b>Jane Naumkin, Director for People</b>

### Introduction

The staff survey 'Our Voice Our Council' ran this year from 7<sup>th</sup> March until 1<sup>st</sup> April, giving Norfolk County Council the fourth consecutive year of insight into NCC employees' perceptions of working as part of the NCC organisation. The 2022 staff survey gives us insight into another year of significant change for NCC colleagues. The survey is a key means of understanding more about how employees' experiences and views may be changing as we move out of the pandemic and onwards towards a 'new normal'. A key strength of the survey is that it enables us to move beyond anecdotal insight and towards understanding of statistically significant trends and changes.

The NCC survey data is compared – anonymously - with a bank of responses from 30,000 public sector employees and this gives a helpful context within which to view the NCC picture.

### Executive Summary

This report comes at a point where the initial analysis and engagement phase is complete and action plans are in place to support the key findings from the 2022 survey. Therefore, this report provides the headline findings from the 2022 survey, together with an overview of action plans at Directorate and organisational level.

The findings from the 2022 survey show the impact of work undertaken following last year's survey and, in many cases, reflect a stabilising picture as we emerge from the pandemic:

- **3,650** people (**47%** of employees) completed the survey, up from **27%** in 2020 and down from **58%** in 2021
- Employees' perception of the 'Balance of the Employment Deal' has remained stable and is now at **-15** (slightly down from **-14** last year). This represents a stable score in people's perception of NCC's contribution to the employment relationship. The negative score signifies that NCC employees perceive that overall, they contribute more to the working relationship than NCC does. This perception of imbalance is found in every sector (apart from Oil and Gas) and the challenge is not



only to increase employee contribution but to offer a correspondingly significant contribution from the employer of support, fairness and valuing people.

**Actions required:**

1. Corporate Select Committee is asked to consider both the key messages from this year's survey and the actions being taken in response
2. Corporate Select Committee is asked to consider how Members can support the performance, engagement and wellbeing of colleagues

## 1. Survey Background

Norfolk County Council's fourth annual staff engagement survey, which looks at employees' perceptions about working at NCC, took place between 7<sup>th</sup> March and 1<sup>st</sup> April this year.

**3,650** employees completed the survey, a **47%** completion which is up from **27%** in 2020 and down from **58%** in 2021. This year's response rate continues to be a robust result enabling us to draw statistically valid conclusions from the data. This is also in line with response rates in benchmark organisations.

Most of the period covered by the survey saw us working under some level of Covid restrictions which was challenging for employees. Despite this, we remain in the top quartile for comparable organisations when it comes to positive scores

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

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



## 2. Survey Findings & Actions

A report outlining the overall NCC-wide results has been shared with Corporate Board and a summary of key messages communicated to all staff, supported by a video conversation featuring the Head of Paid Service and the Director of Commissioning, Partnerships and Resources (Children's Services).

NCC-wide themes have been shared with the Senior Leadership Team, with Unison senior stewards, and with the HR Leadership Team.

Directorate-level reports have been shared with Directorate Management Teams and directorate-level priorities have been agreed.

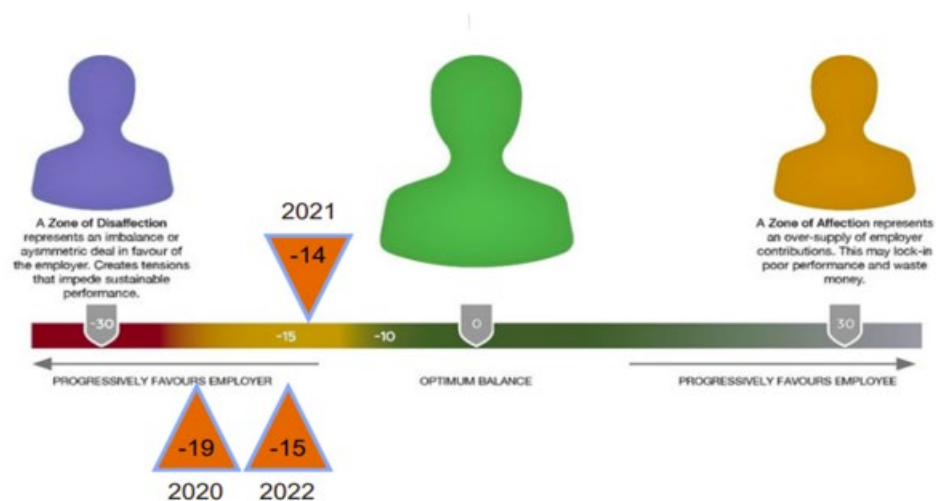
A more granular set of data has been shared with service leads and team discussions have taken place across each service area.

Overall, employees have told us that:

- a. Their perception of the balance of 'the deal' has improved and remains stable from **-19** in 2020 and **-14** in 2021 to **-15** this year (see above and slide 'The Balance of the Deal for Norfolk County Council')

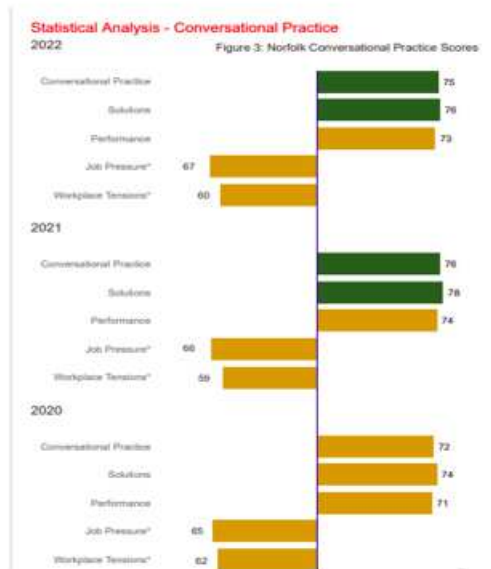
- b. Conversational practice remains positive, meaning that people feel they have good quality conversations about ideas and solutions, and how to turn those ideas into practical actions.
- c. Increased practice of Smarter Working has been maintained and employees feel that managers are practising and encouraging flexibility in how teams work.
- d. Overall satisfaction has decreased slightly from **66** in 2021 to **63** in 2022
- e. NCC's top 'personality' dispositions remain 'Capable' and 'Trustworthy'

### The Balance of the Deal for Norfolk County Council



## Conversational Practice at Norfolk County Council

### Conversational Practice:



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

## Smarter Working at Norfolk County Council

**Smarter Working:** Significant Improvement in all metrics when comparing 2020 to 2022 – most significantly in relation to the manager practicing Smarter Working. Note: Significant change is 5 points or greater.

Table 5: Smarter Working

Questions	2020	2021	2022
1. My manager practises Smarter Working	72	80	80
2. I am making Smarter Working work well for me and my customers	70	77	78
3. I know how to access resources to support me with Smarter Working	69	73	74
4. My manager encourages me and my colleagues to be flexible about when and where we work and to use space and technology creatively	71	77	78
5. Although NCC advocates Smarter Working, lack of organisational support means it is difficult to do*	53	47	45

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

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

## The Balance of the Deal for Norfolk County Council

**The Balance of the Deal:** Significant improvement in Perceived Organisational Support, Employer Contribution and Balance of the Deal since 2020.

Table 2: Balance of the Deal Scores

Demo Section	Psychological Contract	Perceived Organisational Support	Employer Contribution	Job Engagement	Capability	Organisational Engagement	Employee Contribution	Balance of the Deal	Satisfaction	Number of Respondents
<b>Organisational Level</b>										
All Norfolk 2022	66	63	65	82	80	76	79	-15	63	3650
All Norfolk 2021	68	64	66	83	81	78	80	-14	66	4079
All Norfolk 2020	64	60	62	83	80	76	80	-18	64	2237
<b>Directorate Level</b>										
Adult Social Services	68	65	66	83	79	78	80	-14	65	790
Children's Services	67	63	65	83	81	77	80	-15	64	897
Community & Environmental Services	65	61	63	82	78	75	78	-15	59	1165
Finance & Commercial Services	67	65	66	80	81	76	79	-13	65	489
Governance	62	60	61	84	80	76	80	-19	57	109
Strategy & Transformation*	68	64	66	82	81	76	80	-14	65	200

\*Known as Strategy & Governance in 2020.

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

## Key Drivers at Norfolk County Council

**Key Driver Analysis:** Overall improvement in all metrics when comparing 2022 to 2020. It is noted that exceptional results, which go against the trend, were reported for Job Pressure, Inspiration of NCC Directors and Overall Satisfaction for the period immediately after 18<sup>th</sup> March 2020.

Key drivers of Employee Contribution	2022	2021	2020
1. There is a clear link between my Performance Development Discussion and my team's goals	69	70	67
3. My manager recognises that speaking openly about work related issues provides an opportunity to improve things	77	79	75
6. NCC's Directors and Heads of Service inspire me to use my own initiative	56	57	52
3. My employer demonstrates a genuine concern for my health, safety and well-being	69	69	66
4. I often experience excessive pressure in my role *	67	66	65

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



### **3. Next Steps**

#### **a. Implementation of actions**

Conversations with employees to share the survey results and collaboratively develop action plans are now complete. Directorate action plans (see Appendices A & B) were presented at Corporate Board 1<sup>st</sup> November and the focus is now on working to deliver the agreed actions in each service, supported by regular employee conversations to review and update on progress.

Cross-cutting organisational themes (see Appendix C) will be used to inform and prioritise actions in learning and development, Smarter Working, Health, Safety & Well-being, and Equalities, Diversity & Inclusion.

#### **b. 2023 survey**

In light of the ongoing strategic review, we are proposing that the 2023 survey is a shorter exercise, targeting specific areas rather than a 'full' engagement survey. This will enable us to gather insights which will shape and inform both our leadership approach and how we manage change. It will also provide a consistent means of engaging and consulting employees at a time of organisational transition.

Options are being drafted for discussion with Exec Directors during November.

A report to update on action plans and outline the proposed approach to 2023 survey will be provided to Corporate Board in early 2023 and it is suggested that this report is also provided to the Corporate Select Committee.

### **4. Financial Implications**

None – the survey was completed within previously agreed budgets.

### **5. Resource Implications (staff, IT, property)**

None

### **6. Other Implications**

#### **a. Legal Implications**

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

#### **b. Human Rights Implications**

None

#### **c. Equality Impact Assessment (this must be included)**

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

#### **d. Health and Safety Implications**

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

#### **7. Sustainability Implications**

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

#### **8. Any other Implications**

None

#### **9. Action Required**

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

#### **10. Background Papers**

None

### **Officer Contact**

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

**Officer name:** Rob Stafford                      **Tel No:** 01603 222408

**Email address:** Rob.stafford@norfolk.gov.uk



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

<b>Directorate: Strategy &amp; Transformation</b> ED: Paul Cracknell SHRBP: Julie Fisher	<b>Actions</b>												
<div data-bbox="108 376 592 577"> <table> <thead> <tr> <th>Key Drivers</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>My manager recognises that speaking openly about work related issues provides an opportunity to improve things</td> <td>78</td> </tr> <tr> <td>There is a clear link between my Performance Development Discussion and my team's goals</td> <td>65</td> </tr> <tr> <td>Overall, I am satisfied with the employment deal (what I receive and what I am expected to give in return) provided by NCC</td> <td>65</td> </tr> <tr> <td>My employer invests in building my capabilities through all forms of learning and development</td> <td>64</td> </tr> <tr> <td>I am often required to do more with less resources</td> <td>71</td> </tr> </tbody> </table> </div>	Key Drivers	2022	My manager recognises that speaking openly about work related issues provides an opportunity to improve things	78	There is a clear link between my Performance Development Discussion and my team's goals	65	Overall, I am satisfied with the employment deal (what I receive and what I am expected to give in return) provided by NCC	65	My employer invests in building my capabilities through all forms of learning and development	64	I am often required to do more with less resources	71	<p><b>Overview of actions developed with staff following results being shared:</b></p> <p><i>The Employment Deal remained at -14. Across all services, there is a focus on maintaining good conversational practice whilst preparing for a significant change period as well as a focus on health and wellbeing.</i></p> <p><i>Continuing to build on meaningful conversational practice and good day-to-day management practice:</i></p> <ul style="list-style-type: none"> <li>All S&amp;T - Regular 121s, Team meetings. Ensure cascading of corporate messaging is frequent, particularly at times of change and through the Strategic Review</li> <li>All S&amp;T - Continuing connection of the wider communities within S&amp;T to connect and understand what other teams offer</li> <li>Transformation – Balance of the Deal score has improved from -19 in 2021 to -12 in this year's survey. This year's results focus on maintaining good practices and seeking improvements. Completed cascade of results to validate views and to respond appropriately, action plan will be put in place.</li> <li>Transformation - 1<sup>st</sup> November to follow up three key themes: strategy and vision, directorate governance and operation and culture &amp; hybrid working (also taking account of the engaging leadership model). Sessions will seek to understand where issues lie, within service, directorate or wider organisation. Responses will be fed back to the appropriate teams.</li> </ul> <p><i>Recognition of continuing job pressure &amp; workplace tension</i></p> <ul style="list-style-type: none"> <li>I&amp;A – Issues centre on compounding demands with increasing workload and resourcing. Addressing this by embedding improved processes and practices that ensure that departments better prioritise their demands based on awareness of other competing work; this works for ASC and PH. In the IG space, the key issue stems around the number of SARs and the historic backlog. An effective action plan is in place (technical and staff) to address this and a reduction in pressure is expected in early 2023.</li> <li>HR – continue to review and refine workload and priorities. Seeking to streamline and automate processes where possible with myOracle. Being able to manage personal and team workload with the ability to push back where appropriate</li> <li>HR – gathering ideas to extend knowledge, information and skills across all HR teams. Set up new ways to celebrate success as a whole HR community and increase links to each other in person and across teams. Recognition that this connection is also an important part of wellbeing.</li> </ul>
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## Appendix A: Directorate actions arising from the 2022 staff survey

	<ul style="list-style-type: none"><li>• Communications – recognition of continuing workplace pressure. Maintaining good conversational practice</li><li>• Comms – focus on seeking clarity on job roles, responsibility of roles and accountability of roles for all comms posts so whether they work in the corporate team or not and their work time is focussed on good strong work with defined outcomes including a new Teams Channel to address workplace issues.</li><li>• All areas are engaged with the Strategic Review and anticipate clarity of expectations and functions.</li></ul> <p><i>Continued focus on Wellbeing &amp; Learning opportunities</i></p> <ul style="list-style-type: none"><li>• Continue to provide support for personal wellbeing, shared approach across all departments including common wellbeing prompts/'posters' as reminders and conversation starters</li><li>• Comms – making time for personal wellbeing including a regular protected lunchtime break and fortnightly whole team training</li><li>• HR – looking at ways to Increase opportunities for cross-training, secondments &amp; CPD, continue learning lunches and offering a wider variety of courses and learning</li></ul>
<b>Actions arising from the rest of the survey</b>	
Hybrid working is accepted and everyday practice across all services. Appreciation of flexible working and ongoing manager support.	

## Appendix A: Directorate actions arising from the 2022 staff survey

<b>Directorate: Children's Services</b> ED: Sara Tough SHRBP: Gavin Cooke	<b>Actions</b>												
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## Appendix A: Directorate actions arising from the 2022 staff survey

	<ul style="list-style-type: none"><li>• <b>Recognition</b> – we continue work to recognise achievements through ED's and Service Directors' blog/updates; nominating teams and individuals for awards; praise/thanks in meetings</li><li>• <b>Flexible and Hybrid Working (Green)</b> – we understand our people value this highly and we continue to offer and pursue effective flexible working through use of hybrid technology, good management practice and responsiveness to requests/needs.</li></ul>
<b>Actions arising from the rest of the survey</b> <p>The survey has highlighted some specific issues which we intend to explore:</p> <ul style="list-style-type: none"><li>• A difference in the 'balance of the deal' score between disabled and non-disabled employees</li><li>• The need to look at combining some ethnic groups to allow presentation of results, because the numbers of completions in these groups were too low to report on</li></ul>	

## Appendix A: Directorate actions arising from the 2022 staff survey

<p><b>Directorate: ASSD</b> ED: James Bullion &amp; Craig Chalmers SHRBP: Paul Wardle</p>	<p><b>Actions</b></p> <p>The ASSD response to both the NCC staff survey and the LGA Health Check Survey results is reflected in the ASSD Workforce Strategy proposal.</p>												
<table border="1"> <thead> <tr> <th>Key Drivers</th><th>2022</th></tr> </thead> <tbody> <tr> <td>There is a clear link between my Performance Development Discussion and my team's goals</td><td>71</td></tr> <tr> <td>My manager recognises that speaking openly about work related issues provides an opportunity to improve things</td><td>78</td></tr> <tr> <td>My employer demonstrates a genuine concern for my health, safety and well-being</td><td>70</td></tr> <tr> <td>NCC's Directors and Heads of Service inspire me to use my own initiative</td><td>57</td></tr> <tr> <td>I often experience excessive pressure in my role *</td><td>70</td></tr> </tbody> </table>	Key Drivers	2022	There is a clear link between my Performance Development Discussion and my team's goals	71	My manager recognises that speaking openly about work related issues provides an opportunity to improve things	78	My employer demonstrates a genuine concern for my health, safety and well-being	70	NCC's Directors and Heads of Service inspire me to use my own initiative	57	I often experience excessive pressure in my role *	70	<p><b>Overview of actions developed with staff following results being shared:</b></p> <ul style="list-style-type: none"> <li>Staff survey results have been shared and discussed at team level</li> <li>The ASSD Workforce Strategy has been developed and is currently out for consultation with staff. The purpose of the workforce strategy is to support delivery of the overall "Together for Norfolk" strategy</li> <li>7 departmental workstreams have been set up to focus on the following key areas highlighted by the ASSD workforce strategy:</li> </ul> <p><b>Future Social Care Workforce Implementation:</b> Single managed vehicle for delivering the Workforce Plan and HR activity from change projects (e.g. Connecting Communities, Social Care Reform, LPS, Recovery, D2A)</p> <p><b>Recruitment workstream:</b> data driven improvement cycle process to reduce vacancy levels across the department</p> <p><b>Retention and Reward workstream:</b> data driven improvement cycle process to improve retention of staff across the department</p> <p><b>Wellbeing Plan:</b> Reduce sickness rates, specifically MH related sickness and ensuring Staff feel supported by management and are able to maintain work life balance</p> <p><b>Equality, Diversity &amp; Inclusion Plan:</b> Managers and Colleagues are clear about how to access the support in place and are confident in reporting their incidents or concerns relating to bullying, harassment, and discrimination</p> <p><b>Training Plan:</b> High levels of completion and robust performance process for mandatory training across all staff groups</p> <p><b>Development and Leadership Strategy:</b> Well-defined career pathways, apprenticeships and development opportunities into registered professionals for all front-line staff groups including into management roles</p>
Key Drivers	2022												
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## Appendix A: Directorate actions arising from the 2022 staff survey

### **Actions arising from the rest of the survey**

A departmental focus group to consider solutions in response to the high level of job pressure reported has been set up and the first meeting will take place 15<sup>th</sup> October 2022.

## Appendix A: Directorate actions arising from the 2022 staff survey

<b>Directorate: CES</b> ED: Tom McCabe (Sarah Rhoden) SHRBP: Cheryl Underwood	<b>Actions</b>										
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## Appendix A: Directorate actions arising from the 2022 staff survey

### Actions arising from the rest of the survey

The following actions are being taken to support continued engagement with the staff survey and to improve responses to the question 'I believe I can make a difference by giving you my views':

- Regular reviews at service level and quarterly reviews at DMT.
- Monitor progress and ensure cascade through management teams also to encourage continuous feedback.

## Appendix A: Directorate actions arising from the 2022 staff survey

<b>Directorate: Finance &amp; Commercial</b> ED: Simon George SHRBP: Julie Fisher	<b>Actions</b>												
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<p><b>Actions arising from the rest of the survey</b></p> <p>Hybrid working has found a good balance and staff appreciate the flexibility and trust to do their job</p>													



## Appendix A: Directorate actions arising from the 2022 staff survey

<b>Directorate: Governance</b> ED: Helen Edwards SHRBP: Julie Fisher	<b>Actions</b>								
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Overall, I am satisfied with the employment deal (what I receive and what I am expected to give in return) provided by NCC	57								
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## Appendix A: Directorate actions arising from the 2022 staff survey

	<ul style="list-style-type: none"><li>• Nplaw - All leadership team continuing to strengthen the message that work/life balance is important and continue encouraging flex and discouraging over-working.</li><li>• D&amp;RS - Those staff that can work effectively from home continue to do so as far as possible, but those whose roles do not allow for this flexibility are joined by a supervising manager with drop-in visits from senior management scheduled to demonstrate interest, solidarity and an interest in the challenges of their work.</li><li>• D&amp;RS Some concerns raised about change are outside of NCC control – e.g. rushed changes to legislation which leave staff feeling ill prepared – e.g. the new Medical Examiner role or the changes to marriage law. Staff discussions help identify what remains within the control of the team and shaping these elements help restore staff confidence.</li></ul>
<p><b>Actions arising from the rest of the survey</b></p> <p>The following actions are being taken to support continued engagement with the staff survey and to improve responses to the question 'I believe I can make a difference by giving you my views':</p> <ul style="list-style-type: none"><li>• Nplaw - Weekly newsletter reflecting changes made in management approach due to staff input (among other things)</li></ul>	

<b>Norfolk Fire and Rescue Service</b> Director of Fire: Ceri Sumner SHRBP: Cheryl Underwood	<b>Actions</b>										
<div> <div>Key Drivers</div> <div>2022</div> <table> <tr> <td>NCC's Directors and Heads of Service inspire me to use my own initiative</td><td>41</td></tr> <tr> <td>NCC's Leader and Executive Directors have a clear vision for the future of the organisation</td><td>46</td></tr> <tr> <td>My manager encourages conversations that enable the team to be more effective in achieving its performance goals</td><td>73</td></tr> <tr> <td>There is a clear link between my Performance Development Discussion and my team's goals</td><td>67</td></tr> <tr> <td>NCC recognises that speaking openly about workplace challenges provides an opportunity to improve things</td><td>51</td></tr> </table> </div>	NCC's Directors and Heads of Service inspire me to use my own initiative	41	NCC's Leader and Executive Directors have a clear vision for the future of the organisation	46	My manager encourages conversations that enable the team to be more effective in achieving its performance goals	73	There is a clear link between my Performance Development Discussion and my team's goals	67	NCC recognises that speaking openly about workplace challenges provides an opportunity to improve things	51	<p><b>Overview of actions developed with staff following results being shared:</b></p> <p>NFRS have planned in feedback on Employee survey into their Service Development Forum (next tier from SLT) on 3 November. This was delayed from October and is the first opportunity for sharing this data due to the unprecedented pressures faced by the service during the summer heatwaves.</p> <p>The survey feedback has been used in conjunction with other data sources such as HMICFRS staff survey feedback to create a new People Strategy for the Service. This is in draft form but focusses on the following priorities which are informed through survey feedback and staff feedback since the survey was run:</p> <ol style="list-style-type: none"> <li> <b>1. Wellbeing</b> <p>We understand the challenges our workforce face in their roles which, on the operational side, often involve traumatic incidents and can impact mental health. We are committed to improving our wellbeing offer as our number one priority to support our dedicated workforce whilst they are active within the service and as they transition out of the service.</p> <p>We will support our people to manage their personal resilience and provide a diverse Wellbeing offer which is co-designed with our people. We will better support our people to recover from sickness and injury, helping people to return to work and gain support in doing so.</p> </li> <li> <b>2. Culture and values</b> <p>We are devoted to continuing the excellent progress we have made in creating a more diverse and inclusive organisation with successes such as our award-winning recruitment campaign to build on.</p> <p>We won't tolerate bullying and harassment in any form and continually review our feedback mechanisms to ensure our people can raise concerns in a protected way.</p> <p>The Code of Ethics will be our guide on behaviours expected from our people and we will work to embed this across the service.</p> <p>We endeavour to communicate to our people in a way which values the differences across our organisation and places compassion at the heart of everything we do.</p> </li> <li> <b>3. Leadership</b> <p>Our leaders often have an exceptionally difficult role in often carrying out operational duties alongside a leading role. We will develop our Leaders to be the best they can be, provide a clear vision, strategic direction and develop high performing teams. Leaders will role model our values and behaviours and be accountable for having open conversations to resolve challenges and offer coaching and support to their teams.</p> </li> </ol>
NCC's Directors and Heads of Service inspire me to use my own initiative	41										
NCC's Leader and Executive Directors have a clear vision for the future of the organisation	46										
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NCC recognises that speaking openly about workplace challenges provides an opportunity to improve things	51										

## Appendix B: NFRS actions arising from the 2022 staff survey

### **Actions arising from the rest of the survey**

The following actions are being taken to support continued engagement with the staff survey and to improve responses to the question 'I believe I can make a difference by giving you my views':

- Regular review by Fire SLT.

## Appendix C: Cross-organisational actions arising from the 2022 staff survey

Themes	Actions
<b>Smarter Working</b> Lead: David Thom	<p>The 2022 employee survey results relating to Smarter Working have been extremely valuable in informing key decisions, as they provided strong evidence of positive colleague sentiment towards Hybrid and Smarter Working.</p> <p>In an area where little or no evidence base exists and we have very little organisational experience, the results provided confidence to stakeholders across the organisation, including the Hybrid Working Task and Finish Group, Corporate Select Committee and Smarter Working Programme Group in launching our discretionary, service led, Hybrid Working approach.</p> <p>We have been able to build more detailed colleague research approaches on the baseline provided in the survey, including a User (colleague) research initiative commencing in October 22 and an application to the UEA for funding and support for research into the implications of Hybrid Working on Social Care colleagues, the results of our application are expected in Oct 22.</p>
<b>Health, Safety &amp; Wellbeing</b> Lead: Derryth Wright	<p>The Head of Health, Safety &amp; Wellbeing has reviewed the 2022 employee survey results. Experience of excessive pressure is a key driver for the organisation. Whilst these are in the moderate range there are signs that pressure is having a negative effect for some.</p> <p>On the whole, interaction and conversations within teams are repeatedly cited as good and need to be continued. Flexible working, response to individual working requirements is positively received and seen as a key benefit for working in NCC. Demands on teams, and ability to respond (or decline) is cited as a driver in relation to perceived pressure on individuals and teams.</p> <p>Localised wellbeing stress risk assessments are offered and available for teams that want a deeper dive on any of the issues drawn out of the employee survey.</p> <p>The Well-being strategy is currently being developed and the survey results are being used to identify teams with positive outcomes for inclusion in the stakeholder group workshops being held during October and November 2022.</p>

## Appendix C: Cross-organisational actions arising from the 2022 staff survey

<p><b>Equality, Diversity &amp; Inclusion</b> Lead: Maanik Chadda</p>	<p>In general, employees with different protected characteristics aren't showing significant differences in results. Lower satisfaction scores for both disabled and mixed-race employees are worth noting and are being explored through our plans and advisory and employee networks.</p> <p>Since March, two EDI-related action plans have been put in place: the EDI People Plan 2021-23 and the Workforce Race Equality Standard (WRES) for Social Care 2022-23. Within the former there are actions to review the survey findings for 2022 and 2023. It's encouraging to see a significant decline in harassment, bullying or abuse experienced from service users, and reasons for this will be explored as part of the plans.</p> <p>Employee network membership has increased considerably, while various engagement events such as the EDI Employee Conversations, chaired by the Head of Paid Service, and celebratory and awareness-raising events, have also been well-attended. These other opportunities for colleagues to engage directly could be a potential factor in the slightly lower uptake in the survey this year.</p>
<p><b>Workforce Development</b> Leads: Matthew Adams &amp; Jane Hanrahan</p>	<p>We are reviewing and updating the new manager induction programme and all core skills learning programmes to meet needs highlighted in the survey around communication. This will also include the L&amp;D offer to support change (e.g. Engaging Leadership workshops for senior leaders) resulting from the strategic review, another key area highlighted in the survey.</p> <p>Action Learning Sets are being offered to Adults' Social Services Practice Consultants/Team Managers to improve support for these key staff and improve retention in the service</p> <p>As part of the Digital Inclusion Strategy we will roll out training to improve digital skills. This will improve efficiency and thereby reduce job pressures (by using technology to automate processes) in teams and will also support residents to self-serve.</p>

# Corporate Select Committee

Item No:12

**Report Title: Organisational Performance Framework**

**Date of Meeting: 14th November 2022**

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

**Responsible Director: Paul Cracknell, Executive Director Strategy and Transformation**

## **Executive Summary**

The purpose of this report is to provide the Committee with an update on the Council's Organisational Performance Framework.

Performance Management is about the practical ways that the Council can improve what it does, and more importantly what it delivers in terms of good quality services that meet the needs of local people. The ability to manage performance is critical to our success.

Performance management across Norfolk County Council (NCC) is varied in nature. Some departments follow a consistent regular structure of review, whilst other departments follow a less structured approach. The aim of this proposal is to ensure performance follows a consistent approach across all Directorates and allows for corporate oversight of performance management.

Effective performance management provides the opportunity to review and understand current performance, trends and identify performance risks, allowing early interventions and to validate the actions being taken to address performance deviation and identify further opportunities for improvement.

Norfolk County Council continues to operate in a period of unprecedented challenges, with increases in demand for services, the rise in the cost of living and goods and the need to close significant budget gaps over the coming years.

Performance is therefore key in assuring ourselves that we continue to strive towards the achievement of our Strategic Outcomes, as set out in Better Together, for Norfolk, and against the backdrop of the aforementioned pressures. It remains vital that we

continue to provide the best outcomes and opportunities for our residents, their families, and businesses in Norfolk.

The Framework lays out our approach and expectations against the following areas:

- Performance Framework Principles
- Performance Governance
- Performance Management Culture
- Vital Signs measurement, reporting, target setting and trend analysis
- Performance Reporting Cycle

## **Recommendations / Action Required [delete as appropriate]**

The Select Committee is asked to:

1. Review the accompanying framework document and recommend to Cabinet for approval.

### **1. Background and Purpose**

- 1.1 It is intended that this Framework provides an overview of both the processes, systems and the culture by which we shall achieve our Organisational and Directorate Plans and the minimum standards required to do so. It should help decision makers to understand whether our actions are consistent with our ambitions and should help to highlight areas of failing or poor outcomes/delivery.
- 1.2 The Framework is constructed to help with the evaluation of the success of our interventions. To do this we have a series of indicators, Corporately Significant Vital Signs which form the basis for evidencing the achievement of our Strategy, Better Together for Norfolk.
- 1.3 The Vital Signs Dashboard, which is now operating at optimal level as a minimum viable product, requires critical updates to enhance the level of insights and analytics that can be drawn from our data, alongside ensuring that it is fit for purpose and has had the relevant systems and software updates that are now available through various Microsoft platforms.
- 1.4 This framework is built around 5 pillars, Accountability, Assurance, Trustworthiness, Quality and Value:
  - Accountability: By this we mean being accountable, taking account of and giving an account, and means being accountable for:
  - Effectiveness; Performance including quality



- Efficiency; value for money
- Assurance: By this we mean being equipped with the knowledge that supports us being assured of and able to assure others of our performance,
- Trustworthiness: By this we mean building and maintaining confidence in the People, Teams and Organisations that help us to produce, understand and deliver insights into our progress as a Council in meeting our strategic objectives,
- Quality: In ensuring that we use data and methods that produce assured information, that helps us to build a bigger picture around what our Performance really means and how this contributes to a quality service delivery,
- Value: that we produce data, information and insights that supports our need across the organisation in evidencing our approach and addressing the questions asked of us internally and externally, that affect our end users the most.

## **2. Proposal**

- 2.1 The Framework principles intend to set out the expectations that the Council requires in order to effectively manage its performance and to become higher performing.
- 2.2 Performance management across Norfolk County Council (NCC) is varied in nature. Some departments follow a consistent regular structure of review, whilst other departments follow a less structured approach. The aim of this proposal is to ensure performance follows a consistent approach across all departments and allows for corporate oversight of performance management and mitigation of risk.
- 2.3 It sets the intentions of performance management culture across the organisation, and clearly sets out what performance should mean for individuals across all levels of the organisation.
- 2.4 Governance around performance management and monitoring needs to be set across the organisation at a minimum standard level, with shared expectations around our approach to setting our Corporately Significant Vital Signs, in line with our Strategy, Better Together, for Norfolk, and our approach to understanding outcomes achievement and value for money.

- 2.5 Our reporting cycle requires strengthening, and this Framework sets the intention that the Executive Leadership Team shall be briefed on a monthly basis, on arising performance matters and risks, to afford more effective root cause analysis, action planning and resolution to areas of weakening or poor performance. Alongside this, a risk and performance forum shall operate on a quarterly basis, bringing together performance and risk leads across all Directorates, to ensure that we are effectively challenging and mitigating areas of emerging risk appropriately and setting the right course of action in these areas.
- 2.6 The Vital Signs Dashboard, which is now operating at optimal level as a minimum viable product, requires critical updates to enhance the level of insights and analytics that can be drawn from our data, alongside ensuring that it is fit for purpose and has had the relevant systems and software updates that are now available through various Microsoft platforms.

### **3. Impact of the Proposal**

- 3.1 The changes resulting from the Framework will impact to some degree on all Directorates at varying levels. Performance management across Norfolk County Council (NCC) is varied in nature. Some departments follow a consistent regular structure of review, whilst other departments follow a less structured approach. Performance representatives across Directorates and the Executive Leadership Team have been consulted on these proposals and have been able to provide feedback and suggestions to the proposal that should mitigate risk of impact on their current delivery of performance.
- 3.2 Whilst we recognise the process of change could be challenging in some instances, staff have welcomed the opportunity to be part of forming this framework and to have the opportunity to work collaboratively to set the direction for performance across the Organisation as a whole.

### **4. Evidence and Reasons for Decision**

- 4.1 Performance management across Norfolk County Council (NCC) is varied in nature and our reporting structure does not lend itself to proactive mitigation or action planning against performance risk.
- 4.2 Our existing technological solution and supporting reporting cycle requires critical updates to enable users to provide the highest level of insights and analysis to their Teams in order to more effectively performance manage across their services.
- 4.3 Levels of accountability for performance management is different across Directorates and needs some minimum standards in place to ensure we are

meeting and evidencing our performance against our Strategic Outcomes more effectively.

## **5. Alternative Options**

- 5.1 We could decide to not proceed with the implementation of this Framework, but this will not address the organisational issues identified in this paper.

## **6. Financial Implications**

- 6.1 None identified at report submission.

## **7. Resource Implications**

- 7.1 **Staff:** Some implications identified for Performance Leads across Directorates, whom have had the opportunity to feed into the Framework and discuss opportunities for collaborative working in the future.

### **7.2 Property: None**

- 7.3 **IT:** Some implications identified for I&A resource in terms of supporting the further development of the Vital Signs Dashboard. Relevant leads for this work have been consulted and the work shall form part of their scheduled programme of activity across the year leading into April 2023.

## **8. Other Implications**

### **8.1 Legal Implications: None**

### **8.2 Human Rights Implications: None**

- 8.3 **Equality Impact Assessment (EqIA) (this must be included):** There are no considered implications or impact on equalities for the Framework, as the Framework is intended to strengthen and formalise existing approaches.

### **8.4 Data Protection Impact Assessments (DPIA):**

There are no considered implications or impact on data protection at present in addition to those already assessed in terms of the development of the Vital Signs Dashboard.

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

**8.6 Sustainability implications (where appropriate):** None

**8.7 Any Other Implications:**

## **9. Risk Implications / Assessment**

- 9.1 If we do not strengthen our approach to Organisational Performance Management we could leave ourselves at risk of not being able to make evidence based decisions, nor evidence the achievement of outcomes against our Strategy, Better Together, for Norfolk.

## **10. Recommendations**

The Select Committee is asked to:

1. Review the accompanying framework document and recommend to Cabinet for approval.

## **11. Background Papers**

11.1 Organisational Performance Framework

11.2

### **Officer Contact**

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

**Officer name:** Stacey Palmer  
**Telephone no.:** +44 1603 365794  
**Email:** [stacey.palmer@norfolk.gov.uk](mailto:stacey.palmer@norfolk.gov.uk)



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

## Draft Performance Framework

### Introduction:

Performance Management is about the practical ways that the Council can improve what it does, and more importantly what it delivers in terms of good quality services that meet the needs of local people. The ability to manage performance is critical to our success.

Performance management across Norfolk County Council (NCC) is varied in nature. Some departments follow a consistent regular structure of review, whilst other departments follow a less structured approach. The aim of this proposal is to ensure performance follows a consistent approach across all departments and allows for corporate oversight of performance management.

### Framework Principles:

It is intended that this Framework provides an overview of both the systems and the culture by which we shall achieve our Organisational and Directorate Plans and the minimum standards required to do so. It should help decision makers to understand whether our actions are consistent with our ambitions and should help to highlight areas of failings or poor outcomes/delivery.

The Framework is constructed to help with the evaluation of the success of our interventions. To do this we have a series of indicators, Corporately Significant Vital Signs which form the basis for evidencing the achievement of our Strategy, Better Together for Norfolk.

This framework is built around 5 pillars, Accountability, Assurance, Trustworthiness, Quality and Value:

Accountability: By this we mean being accountable, taking account of and giving an account, and means being accountable for:

- Effectiveness; Performance including quality
- Efficiency; value for money

Assurance: By this we mean being equipped with the knowledge that supports us being assured of and able to assure others of our performance,

Trustworthiness: By this we mean building and maintaining confidence in the People, Teams and Organisations that help us to produce, understand and deliver insights into our progress as a Council in meeting our strategic objectives,

Quality: In ensuring that we use data and methods that produce assured information, that helps us to build a bigger picture around what our Performance really means and how this contributes to a quality service delivery,

Value: that we produce data, information and insights that supports our need across the organisation in evidencing our approach and addressing the questions asked of us internally and externally, that affect our end users the most.

## **Linking Performance Management to Business Planning, Risk & Finance:**

The Performance Management Framework and Cycle shall directly link to that of our Corporate Delivery Planning process and there shall be a 'Golden Thread' that entwines these processes to ensure that decision making around our plans and proposed delivery of our strategy is considered with finance, risk and performance management in mind. Alongside this activity we need to ensure that the organisation strives to be as effective, efficient and high performing as it can be, with value for money and public value at its heart. The Organisational Performance Lead will work collaboratively to agree the format for and assessment of the organisation under these themes. This could be achieved through existing audit and inspection regimes or through self-assessment tools, like the Public Value Framework, where appropriate.

Monitoring of our Organisational Performance shall be considered holistically, with risk management, finance and our Corporate Delivery Plan Outcomes forming part of our overall assessment of the 'health' of our Organisation.

There are dependencies between good risk management and performance management, and if managed ineffectively or in silo, can be detrimental to achieving the Council's outcomes.

It was agreed at Cabinet on the 6th April 2020 that financial performance, strategic risks, and performance will be reported together to Cabinet on a quarterly basis, and it is on this basis that risks both corporately and financially should be reviewed and discussed in line with performance and incorporated into performance related dashboards where possible. The Corporate Risk Register shall be reviewed, and scoring challenged and amended with performance of the Corporately Significant Vital Signs in mind on a Quarterly basis. Alongside this a Risk and Performance Forum shall commence, to assist the Organisational Performance Lead and Risk Management Officer in having a strategic overview of corporate risks, to enable more effective reporting to the Executive Leadership Team.

## **Employee Performance Development at NCC:**

Through the use of appraisals and regular reviews, NCC promotes a positive performance culture, that is based around support, sharing of good practice and reward and recognition. It's important that our Performance Development Cycle continues to provide the 'Golden Thread' between our employees, their Services and Departments, through the use of targets and objectives that are SMART and link clearly to Departmental Plans. It is important that we support employees in understanding and being able to identify their contribution to the wider Organisational Strategy and Corporate Delivery plans, and that similarly, employees receive recognition for their contribution.

Discussion of performance against our Service and Departmental Plans should form part of 1-2-1 and Team/Service Meetings, where learning and best practice is shared to enable the positive promotion of our performance culture.

Performance development involves conversations between managers and employees at the beginning and throughout their employment to:

- Establish clear goals and expectations in work aligned to organisational plans
- Identify and maximise the strengths of contribution to the service and NCC as a whole
- Plan for the development of skills and experience including work-led opportunities including projects and secondments

- Review performance and future development plans

The full Performance Development Framework can be found on MyNet [here](#).

### **Performance Governance:**

Corporate governance is the means by which we direct, control and lead the organisation. It involves setting and implementing the strategy and acts as a mechanism to supervise the work and services that we provide to those in our communities.

Our Senior Management Team are responsible for setting and modelling organisational culture and being accountable to the Council, staff, members, communities and one another.

Our Performance Framework and Infrastructure, as implemented by the Organisational Performance Lead, supports good governance and defines where accountability lies through the organisation. It sets out the performance values/pillars and culture we expect, which will evolve over time. It acts as a mechanism to provide Senior Leaders and Management staff with the right tools, data, and evidence base to help them to shape their conversations around performance, to define accountable relationships to performance and to determine the responsibilities of all staff in their collective influence towards good practice and attainment of the Organisational Strategic goals.

Openness and accountability matter at every level of the organisation. Good governance in a performance context is about having a clear focus on what is taking place across Departments and by those who act on their behalf. Ownership of performance will be stronger if a collaborative approach is taken both from a Leadership and Workforce perspective.

Executive Directors take a leading role in reinforcing our performance values and culture within their portfolio areas and through their own behaviours and decision making. They hold Departments collectively to account for Performance, ensuring that updates to and publications in performance monitoring tools, such as the Vital Signs Dashboard, is kept up to date, with information and evidence that is accurate, timely and relevant to the measures described.

In brief they will hold responsibility for:

- Ensuring regular feedback of performance within their portfolio area, highlighting challenges, concerns, and areas of good practice to fellow Executive Directors, Members, and members of the wider Corporate Team
- Work closely and collaboratively with others, using peer review to collaborate and challenge on issues that are cross cutting, that have an impact on performance improvement
- Ensuring they are well prepared, trained and possess the appropriate level of understanding of the performance of their portfolio areas, to be able to evaluate the effectiveness of the services being delivered and the success of contribution to wider Strategic goals
- Ensuring and being assured that necessary resources are in place for the Council to meet its strategic goals, ensuring that performance management has the right balance of influence over their Portfolio's workforce planning and development



- Ensuring effective controls are in place which enable risk to be highlighted, assessed, and managed, preserving value and sustainability over the long term
- Seeking regular engagement with Directors and Departmental Heads of Service, stakeholders, and members in order to understand their views on performance against the strategy.

To be accountable is to be answerable, and for the right accountability relationships to exist, Executive Directors have the right level of influence to drive the Performance ambition forward. This requires them to demonstrate an understanding of performance, risks and the mechanisms to achieving the objectives of the strategy, whilst being able to communicate and provide the right assurances and evidence around performance improvement at a Corporate level.

Accountability includes being accountable, taking account of and giving an account, and means being accountable for:

- Effectiveness; Performance including quality
- Efficiency; value for money

To hold to account effectively, Executive Directors will have clear data, insights, and management information to be able to judge performance, taking into account of:

- Performance data
- Feedback from stakeholders, members, complaints
- Benchmarking against peers
- Policies, plans and improvement strategies

Accountability here does not mean to take responsibility for Operational detail behind the Performance; it is about individually and collectively driving the performance improvement agenda to the forefront of everything we do.

### **Performance Management Culture:**

Performance needs to be set within a culture of improvement, where everyone is determined to improve services and outcomes. Openness and accountability matter at every level of the organisation. The quality of our intentions should be evident in everything we do.

Ownership of performance will be stronger if a collaborative approach is taken both from a leadership and workforce perspective, and as such we expect our Managers to be reinforcing this approach and our values through their own behaviours and decision making around performance. In relation to our performance values, we strive to adopt:

- Honesty
- Openness
- Respect
- Reliability
- Recognition
- Acceptance of challenge
- Accountability
- A sense of shared purpose and common goals

We shall be:

- Well led
- Well organised
- Empowered
- Responsive to necessary change
- Aspirational and innovative in our approach

For our Members this means:

- Making sure the needs of residents are considered
- Helping to identify priority areas for measurement and monitoring
- Monitoring progress on priorities and plans
- Regularly reviewing performance, equipping themselves with the right knowledge and understanding of our data to ask the 'difficult' questions of us and being prepared to challenge constructively, where appropriate, on areas of poor performance

For our Senior Leaders this means:

- Constructive challenge to your direct reports on performance against our Corporately Significant Vital Signs
- Using evidence and data to secure understanding of performance within Portfolio areas
- Ensuring that appropriate Performance Management structures exist within the Portfolio area to support effective Performance Management and Business Planning

For our Managers this means:

- Ensuring that all direct reports have a relevant, timely and stretching Performance Development Plan, Career Progression conversations and appropriate Learning and Development to support them in their everyday role
- Ensuring that staff act and behave with integrity in their day-to-day work and that our decisions are made with defensibility and the end user in mind
- Constructive challenge to your direct reports on performance against our Corporately Significant Vital Signs and Quality Assurance Frameworks as relevant
- Using evidence and data to secure understanding of performance within their Department
- Ensuring that appropriate Performance Management structures exist within their Department to support effective Performance Management and Business Planning

- That we invite open discussion on Performance as part of our Team meetings, 1-2-1s and other forums, where staff can share concerns and good practice, challenge assumptions, contribute to problem solving and root cause analysis

For our staff this means:

- Working to the relevant Plans on a Page
- Adhering to service-related timescales and targets for delivery
- Ensuring that data/information is of good quality, and inputted into the relevant information systems in a timely way, adhering to the relevant internal standards set
- Engagement in regular supervision, performance and practice development conversations and completion of the Performance Development Framework, which can be found on MyNet [here](#).

**Making Data Matter: \*Place holder for Data Strategy, to be agreed following completion of the Data Maturity Assessment and subsequent action planning**

- Definition
- Architecture
- Governance

**Vital Signs:**

Our Vital Signs are made up of indicators, which are arranged via Portfolios into broad outcomes, relating to our Better Together, For Norfolk Strategy. The Council's corporate delivery planning process sets out a direction for the Council, devises objectives and identifies a range of strategies to help us achieve our objectives, within the resources available. Integral to the successful delivery of all plans, is a robust performance management system, managed at three distinct levels: strategic, service, and operational.

At a strategic level, the Council has a dashboard of the corporately significant vital signs- those appropriate and meaningful measures which underpin the Council's vision, strategic objectives, and corporate priorities, so that they can be assured that appropriate progress is being made. These are aligned to the Council's portfolio areas and reported to Cabinet on a quarterly basis and allow us to communicate progress towards the goals of our strategy in a way that single measures can't alone.

At a departmental level, Executive Directors report performance against those indicators which underpin their service plan, the department's vital signs. These include all tasks, projects, measures, and risks relating to their own service objectives and from any other source, e.g., Transformation Programme, external inspectorate recommendations, internal audit recommendations etc. Departmental vital signs are reported monthly at departmental meetings and quarterly to the relevant Portfolio Holder.

At an operational level, Heads of Service and managers will monitor their own work plans, which are in place to review and report on team and individual performance, feeding up into the department management team, service plans and beyond.

The full list of outcomes and indicators is provided in Appendix Item A ***\*to be included once reviewed and agreed. Placeholder included with existing Vitals for 2021/22.***

The Vital Signs are made up of indicators that measure processes, inputs, outputs, and outcomes. By this we mean:

- Processes: The approach taken to deliver a service (i.e., “6 or more scrutiny meetings held per year”)
- Inputs: Resources used to deliver (i.e., “Voluntary turnover rate”)
- Outputs: Services that are delivered as a result of the inputs and processes (i.e., % of high-risk home fire safety visits carried out)
- Outcomes: The improvements made in the quality of life experienced by those in the community (i.e., “A greener, more resilient future”).

The Vital Signs have been identified (***\*once agreed***) through cross cutting development by Teams, with views sought from a range of stakeholders, including:

- Engagement with Cabinet members on their priority outcomes
- Engagement with Executive Directors on the strategic performance indicators for their respective department
- Validation with key service leads

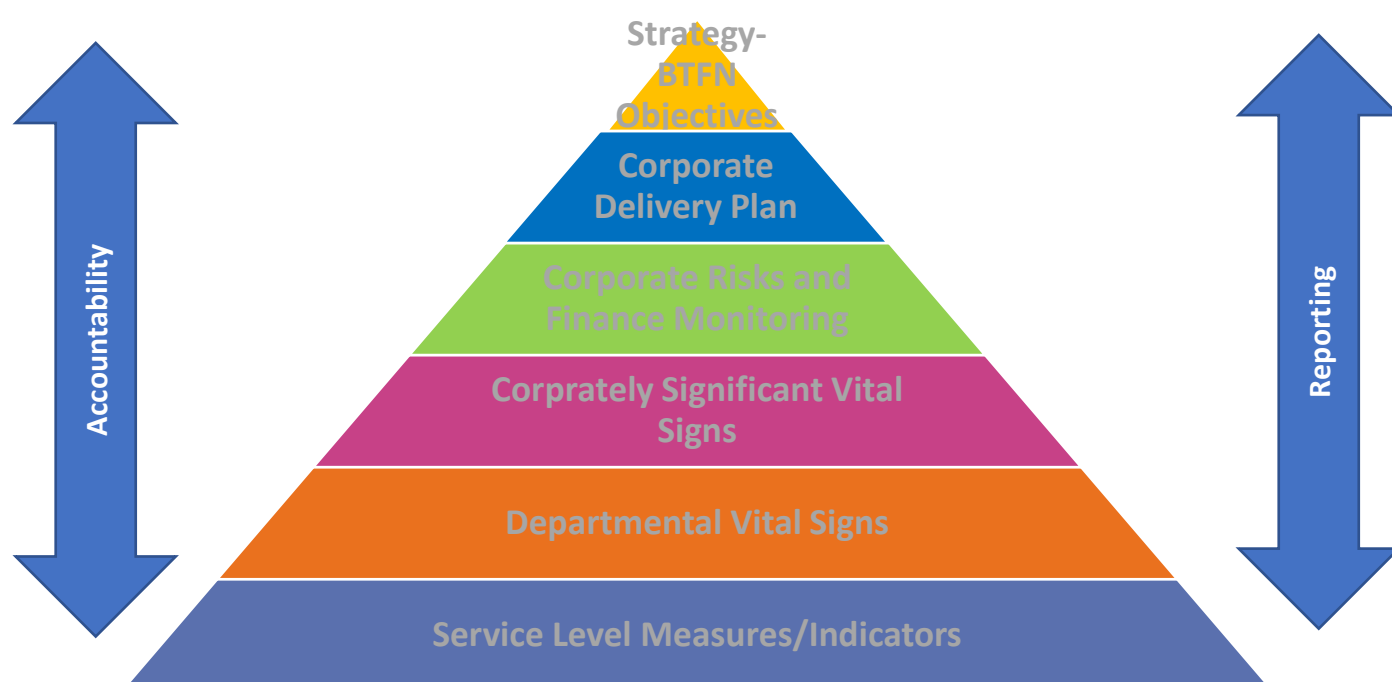
By working through this process, we are ensuring that we continue to challenge ourselves in ensuring we are providing the right sources of information, measuring the right things and able to answer the questions asked of us. In short, the Vital Signs should enable us to answer the questions “what has been achieved”, “have our interventions worked well”, “are we achieving value for money” and “why does this matter”.

Our Vital Signs have been chosen as they relate to key aspects of our work which is focused on in our policies and statutory interventions and commitments. They should have a direct corresponding link to our Corporate Strategy, with a clear follow through on how our Corporate Objectives drill down to Departmental Vitals and Service Level.

An example of this:

<b>Strategic Objective</b>	Growing the economy
<b>Corporately Significant Outcomes</b>	Strategic infrastructure for growth
<b>Departmental Vital Signs</b>	Speed of planning application determination

#### Performance Triangle:



The Framework will allow an assessment of success to be made; it will also allow us to communicate key aspects of these successes and identify failures, where these occur. The indicators will present trend information based on a range of quantitative and qualitative information. Alongside this we intend to use statistical analysis and insights, to analyse trends, and to detect changes in patterns and our forecasts.

In some Departments we may have some indicators which have been included where we do not have high levels of control over outcomes. These measures are referenced in the dashboard as mandatory reports/context indicators, to help build a bigger picture around the success of our interventions, and Departments will be asked to identify these measures separately using a template (included as Appendix Item B), **(\*to be agreed, dependent on dashboard development)**.

Executive Directors are accountable for the vital signs that are agreed. Whilst Heads of Service, Team Managers, Directors and Assistant Directors are responsible for the review process including the changing, removing and amending of the vital signs.

As strategic, policy or operational challenges and priorities change and arise the vital signs may need to change in-year to continually reflect accurate performance reporting. Where a vital sign needs adding, removing or changing in-year this should be formally agreed according to the level of the vital sign before the changes are adopted. For example, changes to Corporately Significant Vital Signs will need to be agreed at both Corporate Board and Cabinet. Whilst changes made to departmental vital signs will need to be agreed through departmental meetings.

A vital signs template has been included as Appendix Item C, with the intention of providing a quick and easy, but consistent approach to the annual review and agreement process of the vital signs.

## Performance Review & Target Setting:

Targets are time bound statements which allow us to indicate a desired level of service delivery against our performance indicators. They enable us to distinguish between good and poor performance and, when realistically set they allow for continuous improvement.

Targets can exist at all three distinct performance reporting levels:

- Strategic – in the Council’s Strategic Plan; Better Together, For Norfolk
- Departmental – in Departmental and Service Plans
- Operational – in plans that align to an individual’s performance.

Targets are set annually in line with the business planning process timeline as follows:

**\*To be agreed**

Figure 1

As part of the annual target setting process Executive Directors are accountable for the targets that are agreed, whilst Heads of Service, Team Managers, Directors and Assistant Directors are responsible for the review process including the changing and amending of the targets.

A target setting template and target setting checklist has been developed to assist departments in the target setting and review process, and it is intended that the Organisational Performance Lead will work with Directorates, via workshops, to review this collaboratively, along with the Vital Signs, each year - included in Appendix Item D & E.

### Annual Review Process:

All proposed targets and Corporately Significant Vital Signs will be formally presented to Cabinet Members and the Corporate Leadership Team for consideration within the context of priorities and resources set out in the Corporate Delivery Plan and Plans on a Page.

The annual review process of both the vital signs and targets is as follows:

Target setting shall take place on an annual cycle, via consultation and workshops, in line with the business planning timeline for Department Plans and Plans on a page as outlined above in figure 1.

Departments shall be required to complete a template, showing clear lines of thought around rationale for measurement, how it will be measured and the relevant data source, proposed target and tolerances and any links to risk/budget, (template included as Appendix Item D). Where possible targets shall be stretched against a baselined trend over the previous 5-year period (**\*to be agreed**).

For each measure, where possible, we anticipate being able to show what our forecasted position would be with and without action to clearly articulate the progress we expect to see in managing each measure.

In setting our targets we should consider:

- Drivers and/or pressures to delivery
- What we want to achieve? - What change are we expecting to see?
- Why do we want to achieve it?
- What legal commitments do we have to achieve/report on?
- How can we monitor and evaluate the performance?
- Do we have the data source to allow us to monitor and evaluate performance?
- How will we know what success/failure looks like?
- Can we benchmark internally and/or externally?

A checklist is included in Appendix Item E

### **Performance Monitoring:**

Performance monitoring forms an integral part of the daily management practice of service delivery and management of our staff. It is embedded within each Department in a way that invites open discussion, challenge, peer review and is evidence led.

Monitoring our performance allows us to identify failures, recognise and reward success and learn from others. It also focuses us on key priorities and ensures that areas of poor performance are questioned and that corrective actions have taken place.

Performance Monitoring is about capturing and identifying statistically significant changes to the performance of our organisation across key deliverables and should alert us to growing problems, trend changes and to afford us the opportunity to explore why these exist. We should be regularly asking ourselves and our Teams:

- Why is Performance at the current level?
- What difference does underperformance make?
- What are the implications?
- Do we need to consider resources differently?
- How does this affect risk, budget, and our ability to meet our Corporate Objectives?
- Is there an impact on equalities, sustainability, the environment, efficiency, quality of life?
- How do we get things back on track?
- How long will it take us to get back on track?
- What are the barriers to getting back on track?
- What have we learnt?
- What can be identified as good performance and why is it good?

For poor performance that stems for two Quarters or more, Root Cause Analysis (RCA) will form part of our investigative approach for understanding the underlying causes of poor performance and forms part of the process we adopt in taking action and drawing together corrective plans (template included as Appendix Item F). These will be submitted to Executive Directors as part of their Monthly Performance Conversation and shared for consideration around risk, budget, and organisational

performance view to the Organisational Performance Lead upon sign off from Executive Directors as part of the Collaborative Performance Risk Review Meeting (discussed later in the document).

Effective Performance monitoring conversations should take place regularly, and at least monthly via Team/Departmental Meetings, Performance clinics, SLTs and across our Executive Leadership Team. 1-2-1 Performance Management conversations with staff should be occurring in line with our Performance Development Framework Guidelines, which can be found on MyNet here.

Meeting regularly to discuss performance is essential in ensuring we are discharging our responsibilities effectively and to allow adequate time to consider any barriers to performance improvement. Performance Monitoring should be looked at holistically, taking consideration of our Vital Signs, Departmental and Corporate Risk Registers and budgetary controls; we should continue to ensure and be assured that necessary resources are in place for the Council to meet its objectives and measure the performance against them.

Department Performance and Risk Management Leads shall form a new group and meet collaboratively Quarterly with the Organisational Performance Lead and Risk Management Officer to have active discussions on emerging risks, root cause analysis for areas by exception of poor performance, identifying good practice and peer challenge.

Executive Directors shall also dedicate a monthly slot in their Agenda to Performance to pick up on emerging risks, peer challenge, review Root Cause Analysis and corrective action plans.

### **Performance Reporting:**

Reporting on our Organisation Performance shall take place across various points in the year and will form an integral part of our monitoring and accountability processes.

Reporting shall be supported via a technological solution (***\*yet to be defined***) and shall look to be more dynamic in its approach to providing the right insights as to performance variation and changes in trends. The Organisational Performance Lead shall work collaboratively to assess and agree the right methodology to report on our performance, which could be a continuation of our current RAG rated system, along with other forms of measurement, such as Statistical Process Control (SPC), as an example. SPC is an analytical technique that is underpinned by science and statistics and plots data over time. It helps us to understand variation and what is statistically significant in terms of trend changes, and in doing so, guides us to take the most appropriate action. This level of reporting will support users to view and drill down into performance interrogation that matters and support them to identify corrective actions that will make positive and sustainable changes to our trajectory.

Levels of access to the Performance Dashboard shall be role based and aligned to need within the Organisation (***\*need level yet to be determined and will be based on the type of technological solution that is approved moving forward***).

### **Reporting Cycle:**

Annual Report- The overall annual report meets a commitment to produce a high-level annual assessment of the progress being made in meeting the objectives set out within our strategy and



informs us of the interventions we have delivered and whether we have made the expected level of change against those targets set.

Quarterly Report- The quarterly Organisational Performance Report includes a holistic overview of the progress made against our Corporate Delivery Plan, including cross cutting projects and Transformation programmes, alongside reporting of our Corporately Significant Vital Signs by exception, where there are statistically significant changes to performance that sits outside of the Council's norm/trend, alongside reporting on national trends (where available and appropriate) to support discussions on the significance on the current picture. This dialogue will also include an assessment of risk in terms of budget, corporate risk register and workforce strategy.

Monthly Report- This will include a monthly review of performance to EDs for Months 1&2 of each Quarter, followed by the full Organisational Performance Report for end of Quarter, in line with the current timetable. This will be based on the Assurance Report Template (included as Appendix Item G), which will be used by Departments to clearly articulate areas of good progress/practice, statistically significant changes in performance and potential risks Organisationally to service delivery and budget. Departments will be expected to discuss results of root cause analysis (see Performance Monitoring section for further detail on this) and suggest corrective action plans for consideration by Executive Directors, which include expected timescales for return to stable performance.

#### Exception Reporting:

Too often performance reporting can become onerous and lack meaning, leading to risk identification becoming laborious and harder to detect. To ensure actionable insights are gained in the way we report on our performance, NCC will adopt a more rigorous exception reporting platform, that is based around the use of statistical analysis to assess deviations in performance and in highlighting risks more effectively, so that efforts to provide corrective actions are driven in a more targeted and evidenced based directive. This approach will support Managers in ensuring that efforts and resource is being used to target critical areas at the earliest opportunity in the most effective way.

***\*Exception Reporting guide to be added following agreement of direction of travel in terms of move away from sole RAG status and use of statistically significant trend analysis.***

Performance management across Norfolk County Council (NCC) is varied in nature. Some departments follow a consistent regular structure of review, whilst other departments follow a less structured approach. The aim of this proposal is to ensure performance follows a consistent approach across all departments and allows for corporate oversight of performance management.

Reporting cycle diagram:



### Performance Framework Review Cycle:

We will continue to review and update the framework to ensure relevance and to provide the best and most effective ways of assessing progress, reflecting the development of new indicators (annually) and where strategy and business planning activities dictate.

The Framework will be reviewed every 5 years as a minimum (***\* to be agreed***) and we would expect a continual assessment to be made on the relevance of all indicators through annual business planning process.

## Appendix Item A

### Outcomes and Supporting Measures: (Placeholder with existing measures as at 2021/21)

Departmental Plan	Portfolios	Portfolio holders	Suggested Top 3 Outcomes
Adult Social Care	Adult Social Care, Public Health and Prevention	Cllr Bill Borrett	<b>Independence choice for people using Adult Social Services (other portfolio priorities covered within CES below)</b>
Children's Services	Children's Services	Cllr John Fisher	<ul style="list-style-type: none"> <li>• Signs of Success</li> <li>• Signs of Wellbeing</li> <li>• Signs of Safety</li> </ul>
Community & Environmental Services	1. Growing the economy 2. Highways, infrastructure, and transport 3. Environment & Waste 4. Communities & Partnerships 5. Adult Social Care, Public Health and Prevention	1. Cllr Graham Plant 2. Cllr Martin Wilby 3. Cllr Eric Vardy 4. Cllr Margaret Dewsbury 5. Cllr Bill Borrett	<b>Growing the economy</b>
			<ul style="list-style-type: none"> <li>• Strategic infrastructure for growth</li> <li>• Support key sector developments</li> <li>• Workforce growth and skills</li> </ul>
			<b>Highways, infrastructure, and transport</b>
			<ul style="list-style-type: none"> <li>• Delivering world class infrastructure</li> <li>• Maintaining investment in high quality transport</li> <li>• Customer focus</li> </ul>
			<b>Environment &amp; Waste</b>
			<ul style="list-style-type: none"> <li>• Addressing key environmental concerns</li> <li>• Caring for Norfolk's distinctive environment</li> <li>• Sustainable waste and use of natural resources</li> </ul>
			<b>Communities &amp; Partnerships</b>
			<ul style="list-style-type: none"> <li>• Keeping people of Norfolk safe</li> <li>• Improving people's health and wellbeing</li> <li>• Improving education and employment opportunities</li> </ul>
			<b>Adult Social Care, Public Health and Prevention</b>
			<ul style="list-style-type: none"> <li>• Improve our commissioned specialist services</li> <li>• Prioritise prevention</li> <li>• Use data and intelligence to target our work</li> </ul>
Finance and Commercial Services	1. Finance 2. Commercial Services & Asset Management 3. Innovation, Transformation & Performance	1. Cllr Andrew Jamieson 2. Cllr Greg Peck 3. Cllr Tom Fitzpatrick	<b>Finance</b> <ul style="list-style-type: none"> <li>• Current year spends within budget</li> <li>• Setting a balanced budget / sustainable MTFS</li> <li>• Capital and Treasury activities support long term aims and objectives of authority</li> </ul>

Departmental Plan	Portfolios	Portfolio holders	Suggested Top 3 Outcomes
			<b>Commercial Services &amp; Asset Management</b> <ul style="list-style-type: none"> <li>Efficient management and rationalisation of the NCC estate and driving forward One Public Estate initiative</li> <li>Effective leadership and governance off NCC wholly owned companies and affiliates, to maximise return to shareholder through increased dividends or clear social returns</li> <li>Delivery of property savings and capital receipts targets, including reviewing commercialisation opportunities to generate income stream</li> </ul>
			<b>Innovation, Transformation &amp; Performance</b> <ul style="list-style-type: none"> <li>Transformation programmes are delivering the change we need for the Council and people of Norfolk</li> <li>Performance of the Council is well managed</li> <li>We are driving innovation to benefit the County</li> </ul>
Strategy & Governance	1. Governance & Strategy 2. Innovation, Transformation & Performance	1. Cllr Andrew Proctor 2. Cllr Tom Fitzpatrick	<b>Governance &amp; Strategy</b> <ul style="list-style-type: none"> <li>Good governance</li> <li>Strong reputation for the Council</li> <li>Delivering Together, for Norfolk</li> </ul>
			As above (shared)

## Adult Social Services Performance Indicators – Cllr Borrett Portfolio Lead

### Outcome: Improving our commissioned specialist services

*(other portfolio priorities covered within CES below)*

#### Regular Cabinet Reporting

% Reablement cases where the outcome is recorded as not requiring any further social care support (Current vital sign)

% of providers judged good or outstanding by CQC

% of service users with LD who are in employment

% of people with mental health who are in employment

Number of permanent admissions to residential and nursing care for people aged 18-64 per 100k population (Current vital sign)

Number of permanent admissions to residential and nursing care for people aged 65+ per 100k population (Current vital sign)

Delayed discharges of care attributable to Adult Social Services (Current vital sign)

Total revenue expenditure on Adults' services per head of population (aged 18+) (raw values)

Social care-related quality of life (raw values) (LGA 44)

Carer related quality of life

Overall satisfaction of people who use services with their care and support

#### Reported Annually

Total revenue expenditure on Adults' services per head of population (aged 18+) (raw values) (LGA 44)

Social care-related quality of life (raw values) (LGA 44)

Carer related quality of life

Overall satisfaction of people who use services with their care and support

Children's Services - Outcomes and Key Performance Indicators - Cllr Fisher Portfolio Lead			
Outcomes	Signs of Success	Signs of Wellbeing	Signs of Safety
Proposed Performance Indicators	% settings judged good or outstanding	% of children achieving early years development goals	Rate of children in care per 10k
	KS2 Outcomes	Mental health and emotional wellbeing of children	Average caseloads in teams
	KS4 Outcomes	Instance of self-harm by CYP	Workforce stability - Proportion of agency workers of SW teams
	Free School Meals attainment Gap	Rate of entrants to the youth justice system	Re-referral rates social care
	Attainment at KS4 for Children in Care	Rates of Drug and Alcohol misuse by children and young people	Number of children subject to a child protection plan for a 2nd time
	Rate of permanent exclusions	Teenage pregnancy rate	Proportion of SW cases closed as needs met
	Proportion of learners in mainstream settings	Indices of deprivation scores	Feedback from children and families receiving support
	Number of children missing education	Proportion of family focus cases stepped down as needs met	Number of children going missing from care or home
	Rate of breakdowns of education or care for children looked after	Re-referral rate for family focus teams	TBC – measure of vulnerable adolescent's service impact on YP at risk of exploitation/harm
	% young people who are NEET		
	% Care Leavers who are NEET		
	<b>All underpinned by Financial Principles</b>		
	Overall CS budget outturn HNB recovery plan position SCARF transformation programme savings delivery Split of spend between care and protection		

Community and Environmental Services - Outcomes and Key Performance Indicators																
Outcomes		Alignment to Cabinet Member priorities														
		Cllr Borrett			Cllr Dewsbury			Cllr Grant			Cllr Plant			Cllr Wilby		
		Improving our commissioned spend on specialist services	Prioritising prevention	Use data and intelligence to target our work	Keeping people of Norfolk safe	Improving people' s health and wellbeing	Improving education and employment opportunities	Addressing key environmental concerns	Caring for Norfolk' s distinctive environment	Sustainable waste and use of natural resources	Strategic infrastructure for growth	Support key sector developments	Workforce growth and skills	Delivering world class infrastructure	Maintaining investment in high	Customer focus
Proposed Performance Indicators	% settings judged good or outstanding				X											
	CIL - participation of EYFS activity in libraries						X									
	CIL - % of learning delivered to the most deprived wards in Norfolk						X									
	NFRS - % of high-risk fire safety audits completed				X											
	NFRS - % of high-risk home safety visits carried out					X										
	NFRS - % of emergency response within 10 minutes to incidents where life is at risk				X											
	G&D - Sq. m of commercial and sector space supported										X					
	G&D - number of enterprises supported (Invest East)											X				
	G&D - Value of developer contributions secured												X			
	PH - Average ranking across PHE public health dashboard	X														
	PH - Healthy Life expectancy and component indicators		X													
	C&H - number of museum visits					X										
	C&H - speed of planning application determination									X						

	C&H - % of actions in Environmental Policy completed on time							X	X							
	H&W - Kg of residual waste per household									X						
	H&W - recycling rate at Recycling Centres									X						
	H&W - % of buses on time														X	
	H&W - % of defects dealt with within timescales															X
	H&W - % of highways capital programme funded by external sources													X		

Finance and Commercial Services - Outcomes and Key Performance Indicators -			
Finance - Cllr Jamieson Portfolio Lead			
Outcomes	Current year spend within budget	Setting a balanced budget / sustainable MTFS	Capital and Treasury activities support long term aims and objectives of authority
Proposed Performance Indicators	Revenue monitoring by Department	MTFS / level of forecast budget gap (Annual)	Capital monitoring – spend vs budget
	Savings delivery in year	Income forecasts including CT/NNDR (Annual)	Level of borrowing / debt
	Reserves use vs budget	Process for identification of pressures (Annual)	Cashflow / Treasury indicators
	FES – debt recovery	Input to Government policy decision making (consultations)	Monitoring of compliance with prudential indicators
	FES – Payment performance	Reserves forecasts (Annual)	Compliance with CIPFA Prudential Code
		Robustness of estimates judgement (Annual)	
		Compliance with CIPFA FM Code (Annual)	
		Audit VFM judgement	



Commercial Services & Asset Management - Cllr Peck Portfolio Lead			
<b>Outcomes</b>	<b>Efficient management and rationalisation of the NCC estate and driving forward One Public Estate initiative</b>	<b>Effective leadership and governance off NCC wholly owned companies and affiliates, to maximise return to shareholder through increased dividends or clear social returns</b>	<b>Delivery of property savings and capital receipts targets, including reviewing commercialisation opportunities to generate income stream</b>
<b>Proposed Performance Indicators</b>	Budget book – savings target	Capital receipt for land sold, that will be counted as part of overall capital receipts	Budget book – savings target:
	Total property cost/FTE	Annual income from interest charged for loans	Capital receipt target:
	floor area of property disposed of	Private sector units sold	
	Number of partnership projects, NCC is participating in.	Affordable units built in each of the tenures of: Shared equity Affordable rented Social rented	

Innovation, Transformation & Performance - Cllr FitzPatrick Portfolio Lead			
<b>Outcomes</b>	<b>Transformation programmes are delivering the change we need for the Council and people of Norfolk</b>	<b>Performance of the Council is well managed</b>	<b>We are driving innovation to benefit the County</b>
<b>Proposed Performance Indicators</b>	HR & Finance Replacement Project is delivering to defined and agreed milestones and costs	Performance Management System developed and on track	County Broadband Target
	Smarter Working – 10% improvement in measure “My manager encourages me and my colleagues to be flexible about when and where we work and to use space and technology creatively.”		
	Smarter Working programme targets being met		

Strategy & Governance - Proposed Outcomes and Key Performance Indicators - Cllr Proctor Portfolio Lead			
Outcomes	Good governance	Strong reputation for the Council	Delivering Together, for Norfolk
Proposed Performance Indicators	Decision making processes robust and timely	Customer satisfaction with council services	Composite measure of other portfolios key indicators to be defined in Quarter 1 2020/21.
	A positive Annual Governance Statement for NCC		
	Decisions challenged by threat of / actual judicial review		
	Full engagement with key stakeholders is carried out		
	New employee retention (24 months+) is at 70%		
	85% of employees have written goals		
	Absence levels at 3.5% (8.1 days) for NCC		
	Social Worker Vacancies - 90 % of workforce plan filled		
	Employee Engagement – annual measure – improvement of satisfaction and employer contribution score by 2%	-	-

**Appendix Item B:**

**Mandatory Reporting Requirements Template:**

Measure Title	Short Description	Linked to Strategic Objective?	Linked to Headline?	Linked to Departmental Vitals?	Target?	For those with targets what are the RAG tolerance and expected trajectory (is good up or down?)	Reporting Cycle (Monthly, Quarterly, Annual)	Data Source

## Appendix Item C:

### Vital Sign Template:

Vital Sign Number and Title	
Short Description (what's being measured)	
Relevant Outcome in the Strategy	
Rationale for Measurement	
Relevant Target in Corporate Delivery Plan (If applicable)	
Change Expected	
Budget/Finance implication	
Current on Corporate Risk Register?	
Data Source	
Target	
RAG Tolerances/ Expected trajectory (is good up or down)	
Method of Data Collection	
Reporting Cycle (Monthly, Quarterly, Annual)	
Additional comments	

## Appendix Item D




### Target Setting Template:

↑ - Target set to improve on the previous year's performance.

↔ - Target set to remain the same as the previous year's performance.

↓ - Target set at a reduced level compared to the previous year's performance.

**As you begin to prepare for your target review workshops you may find this template helpful to clearly set out your new targets and analyse how they've changed from the previous year.**

Code	Title of Vital	Actual 2022/23	Proposed 2023/24	Benchmark Internal	Benchmark National	DoT	Rationale for target	Exception Tolerances	Measure Owner
						  			

Each corporately significant vital sign will appear here. The vital signs will appear pre-populated.

Previous performance analysis and national comparison data to assist in setting challenging and realistic targets. There will be pre-populated.

Targets for the new financial year based on analysis and trends of previous performance and strategic changes.

Direction of Travel (DoT) this indicates if the performance is set to improve on the previous year's performance using the arrows in the key provided

This section explains the reasons for setting the target at its proposed level.

Where a target is set to improve on the previous year's performance (↑) reasons should be aligned to national benchmarking data, improving on current performance and any other considerations such as corporate priority targets (linked to the Corporate Plan, Improvement Objectives and Outcome Agreement).

Where a target is set to remain static (↔) or below (↓) the previous year's performance reasons will need to provide

## Appendix Item E

### Target Setting Checklist:

**As you work through your targets, you may find the following five step checklist helpful.**

<b>Step 1</b>	<b>How are we doing now?</b>
	Look at historic performance, finance, and risk
	Being clear about the context for those results
	How do we compare (national comparison, nearest neighbour, local comparison)? What are we benchmarking?
<b>Step 2</b>	<b>What might affect performance this year?</b>
	Changes in resources (Are we allocating more or less resources, and will this impact on performance?)
	Changes in working practice (How might changes in how we do things improve or hinder performance?)
	External and environmental factors (e.g., strikes, changes in law, adverse weather etc)
	Impact of use of technology/digital strategy
<b>Step 3</b>	<b>What are the pressures on performance?</b>
	Are there strategic, corporate targets set in the Council's plans or documents?
	Is it critical to national performance frameworks?
	Are we delivering or improving fast enough?
	If we performance well in this area will we reduce the likely performance in another?
	Will underperformance in this area have the potential to affect us reputationally?
<b>Step 4</b>	<b>Outcomes</b>
	What do we want to achieve? - What would success/failure look like?
	Why do we want to achieve that?
	What change are we expecting to see?
	Do we have any legal obligations to meet?
<b>Step 5</b>	<b>Judgement: Given the factors in 1-4, how far are we trying to stretch?</b>
	What are the most important influencing factors?

	What are the most important performance drivers?
	Where can we realistically 'stretch' to?
<b>Step 6</b>	<b>Judgement: By when?</b>
	How 'moveable' is the performance? (process measures fast, outcome measures slower etc.)
	How quickly will changes yield results?
	Will the speed of improvement change over time (fast starter, late improvement etc.)?

Appendix Item F:

Root Cause Analysis

ISSUE DETAILS			PERFORMANCE				ISSUE TO REPORT				POSSIBLE ROOT CAUSE				SUGGESTED SOLUTIONS						
DATE ISSUE REPORTED	VITAL SIGN NUMBER	VITAL SIGN DESCRIPTION	CURRENT PERFORMANCE	TARGET	TOLERANCES	LENGTH OF TIME (MONTHS) UNDER TARGET	DESCRIBE ISSUE	FACTORS OUTSIDE OUR CONTROL	RATE HOW CRITICAL		DESCRIBE CAUSE	PROBABILITY	AREA OF LIKELY IMPACT	DETAILS	DESCRIBE POTENTIAL SOLUTION	LIST ANY RISKS		DESCRIBE MEASUREMENT OF SUCCESS			
									Rate how critical: Low, Medium, or High	Justification						Rate likelihood of risks: Low, Medium, or High	Modification required	When is change expected ?	What will success look like?	Solution adopted?	Date of Adoption



## Appendix Item G:

### Assurance Report

Department:

Date:

Written by:

Vital Signs Current Position Summary (Inclusive of volume of RAG and trajectories):

Performance Overview Summary (inclusive of areas of risk with regards to Finance, Performance, Reputational and Corporate Risk Register):

Examples of Good Practice:

Corrective Actions in place:

Root Cause Analysis Required- (for two or more periods of underperformance) yes/no?

Recommendations:

## CORPORATE SELECT COMMITTEE – FORWARD WORKPLAN 2022/3

Corporate Select Committee	14 November 2022	16 January 2023	13 March 2023
	<p><b>Part A –</b></p> <ul style="list-style-type: none"> <li>• Staff survey 2022</li> <li>• NCC Digital strategy progress report (from Sept)</li> <li>• Policy for parental leave for councillors (from Sept)</li> <li>• Budget planning 23-24</li> <li>• NCC performance management framework</li> <li>• Amendments to the Constitution</li> </ul> <p><b>Part B –</b> Committee forward plan</p>	<p><b>Part A –</b></p> <ul style="list-style-type: none"> <li>• Smarter working progress report</li> <li>• Staff survey 2022 / Planning for 2023 / Workforce Strategy</li> <li>• Communications Strategy (either Jan or Mar)</li> </ul> <p><b>Part B –</b> Committee forward plan</p>	<p><b>Part A –</b></p> <ul style="list-style-type: none"> <li>• Communications Strategy (either Jan or Mar)</li> <li>• Commercialisation Update (Mar or later in 2023)</li> </ul> <p><b>Part B –</b> Committee forward plan</p>