Norfolk County Council

Scrutiny Committee

Date:	**Wednesday 17 February 2021**
Time:	**10 am**
Venue:	**Virtual Meeting**

Pursuant to The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020, this meeting will be held using video conferencing.

The Scrutiny meeting will be broadcast live via this link

https://youtu.be/sUURwcXiw8g

Scrutiny Members and other attendees: DO NOT follow this link, you will be sent a separate link to join the meeting.

Membership:

Cllr Steve Morphew (Chair)
Cllr Alison Thomas (Vice-Chair)
Cllr Steffan Aquarone
Cllr Roy Brame
Cllr Emma Corlett
Cllr Phillip Duigan
Cllr Ron Hanton
Cllr Chris Jones
Cllr Joe Mooney
Cllr Judy Oliver
Cllr Richard Price
Cllr John Timewell
Cllr Haydn Thirtle

Parent Governor Representatives

Mr Giles Hankinson
Vacancy

Church Representatives

Mrs Julie O'Connor
Mr Paul Dunning

Agenda

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

2. **Minutes** **(Page 5)**

To confirm the minutes of the meeting held on 27 January 2021

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 Chair decides should be considered as a matter of urgency**

5 **Public Question Time**

Fifteen minutes for questions from members of the public of which due notice has been given. Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk) by **5pm on Friday 12 February 2021**. For guidance on submitting a public question, please visit https://www.norfolk.gov.uk/what-we-do-and-how-we-work/councillors-meetings-decisions-and-elections/committees-agendas-and-recent-decisions/ask-a-question-to-a-committee

6 Local Member Issues/Questions

Fifteen minutes for local member to raise issues of concern of which due notice has been given. Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk) by **5pm on Friday 12 February 2021**

7 The deadline for calling-in matters for consideration at this meeting of the Scrutiny Committee from the Cabinet meeting held on Monday 1 February 2021 was 4pm on Monday 8 February 2021

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

Date Agenda Published: 9 February 2021

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Norfolk County Council

Scrutiny Committee

Minutes of the Meeting Held on 27 January 2021
at 10 am as a virtual teams meeting

Present:

Cllr Steve Morphew (Chair)
Cllr Alison Thomas (Vice-Chair)

Cllr Steffan Aquarone
Cllr Roy Brame
Cllr Emma Corlett
Cllr Phillip Duigan
Cllr Ron Hanton
Cllr Joe Mooney
Cllr Judy Oliver
Cllr Richard Price
Cllr John Timewell
Cllr Haydn Thirtle

Substitute Members present:

Cllr T Jermy for Cllr Chris Jones

Parent Governor Representative

Mr Giles Hankinson

Also present (who took a part in the meeting):

Cllr Andy Grant	Cabinet Member for Environment and Waste
Cllr Andrew Jamieson	Cabinet Member for Finance
Tom McCabe	Head of Paid Service and Executive Director Community and Environmental Services
Simon George	Executive Director of Finance and Commercial Services
Louise Smith	Director of Public Health
Grahame Bygrave	Director of Highways and Waste
Mark Ogden	Flood & Water Manager
Scott Norman	Assistant Chief Fire Officer (Delivery)
Helen Edwards	Director of Governance and Monitoring Officer
Karen Haywood	Democratic Support and Scrutiny Manager
Tim Shaw	Committee Officer

1. Apologies for Absence

1.1 Apologies were received from Dr Chris Jones (with Cllr Terry Jermy as substitute), Mrs Julie O" Connor (Church Representative) and Mr Paul Dunning (Church Representative).

2 **Minutes**

2.1 The minutes of the meetings held on 14 December 2020 were confirmed as an accurate record and signed by the Chair.

3. Declarations of Interest

3.1 Cllr Alison Thomas declared an “other interest” in item 8 because she was personally impacted by the flooding event that took place in December 2020 and was having to live in temporary accommodation.

4 **Urgent Business**

4.1 No urgent business was discussed.

5. Public Question Time

5.1 There was one public question (from West Dereham Parish Council) regarding the flooding event that took place in December 2020. The question and the answer can be found at the end of these minutes.

6. Local Member Issues/Questions

6.1 There were two local member questions (from Cllr Sandra Squire and Cllr Ed Maxfield) regarding the flooding event that took place in December 2020. The questions and the answers can be found at the end of these minutes.

6.2 As a supplementary question Cllr Ed Maxfield asked the Committee to carefully consider how strategic partners from across Norfolk (including Town and Parish Councils) and residents could be involved in the response to future flooding events .

In reply the Chair said that this matter would be addressed as the Committee considered item 8 on today’s agenda.

7 **Call In**

7.1 The Committee noted that there were no call-in items.

8 **Norfolk County Council’s Response to the December 2020 Flooding Event**

8.1 The Committee received a report on Norfolk County Council’s response to the December 2020 flooding event.

8.2 By way of introduction, the Committee was informed that the most recent significant flooding event occurred on the night of 23/24 December 2020 when prolonged rainfall caused widespread flooding and disruption in an arc from Martham through South Norfolk to Watton. The rainfall was intense, and some areas recorded over 50mm of rain falling in 24 hours onto already saturated ground, resulting in many over-flowing watercourses and run-off from surrounding fields into properties. This also impacted on the highway network, with the A140 in Long Stratton particularly affected.

8.3 Cllr Andy Grant (Cabinet Member for Environment and Waste), Grahame Bygrave

(Director of Highways and Waste), Mark Ogden (Flood & Water Manager) and Scott Norman (Assistant Chief Fire Officer (Delivery) were present to answer Councillors questions about the December flooding event and the actions that were being taken.

8.4 During discussion the following key issues were raised:

- Cllr Andy Grant explained the Cabinet decision to invest in additional capital expenditure to cover urgent repairs on the network and to invest in additional revenue for repairs to existing drainage systems following the December storm. In reply to questions it was pointed out that the additional funding would be made available in the new financial year.
- It was pointed out that the NCC Flood and Water Team was currently investigating 180 reports of flooding in December 2020. This (updated) number of events remained subject to change. The investigations would be undertaken in the coming months.
- Repair work on the highway infrastructure damaged in the storm was in progress and would continue in the coming weeks.
- Additionally, there was focus on putting in place meetings with authorities with relevant flood risk management functions, landowners and other stakeholder groups with the aim of ensuring that they were all clear as to their responsibilities in preventing flooding events. Arranging a series of virtual meetings was an efficient way of doing this.
- Risk management authorities must act in a manner consistent with County Council policy on flooding (with the exception of Anglia Water who had to have regard to it).
- Across Norfolk there were some 36 authorities with relevant flood risk management functions some of which had enforcement powers. It was important for them all to be working together in a strategically joined up way.
- The Chair said that the existing arrangements for flood management appeared to be unfit for purpose because there were too many organisations involved.
- The Cabinet Member said that the appointment of additional members of NCC staff would provide the capacity needed for the flood investigation reports (and particularly those that identified internal flooding) to be actioned in a timely manner. The ambition was to turn the current joint consultative arrangements into something more workable.
- It was pointed out that NCC statutory enforcement powers were applied when necessary, however, discussions were held with landowners in the first instance to resolve issues and avoid unnecessary legal action.
- Councillors spoke about issues of where landowners had filled in and blocked ditches and built structures across watercourses for which solutions had to be found.
- Without joined up action the situation would only get worse because Norfolk remained at serious risk from global warming. There was a particularly serious problem in low lying areas of the county and steps needed to be taken to mitigate against global warming at central government level.
- At Councillors request, details from a 2017 assessment of Norfolk properties at risk of flooding would be made available to all Councillors after this meeting. Post meeting note: the 2017 risk assessment identified just over 28,000 properties at risk from a 1:100 surface water flood event. However,

this was not directly comparable to the 2009 data as mapping techniques have improved.

- The NCC Flood and Water Team had built up a close working relationship with colleagues at Breckland DC where they were due to speak about incidents of flooding later today.
- It was important for the NCC Flood and Water Team to be kept aware of all serious flooding incidents across the county.
- There were early warning signs in early December about the flooding event that occurred in Long Stratton and elsewhere on the night of the 23/24 December 2020. Regular storms had overwhelmed existing drainage systems and climate change predictions suggest that this situation would get even worse over time.
- Officers from the NCC Flood and Water Team and the Fire and Rescue service had visited the homes of residents who had suffered from internal flooding issues to assess the situation and to provide help. This action was commended by Members of the Committee.
- It was suggested that steps should be taken by officers to ensure that longstanding knowledge of elderly residents about potential flooding issues was not lost.
- It was noted that it sometimes took political intervention at the highest possible levels before agencies were prepared to take appropriate action on flooding.
- The December floods had occurred at a particularly difficult time just before Christmas when people were having to cope with the Covid-19 pandemic.
- In reply to questions, officers pointed out that plans were in place to have an annual review of actions taken during the year on local flooding issues and for action on where the published recommendations were and were not implemented to be reported back to Councillors at Select Committee level.
- The delivery of many of the solutions was expected to require successful funding bids to be secured from a variety of external sources.
- The Committee's attention was drawn to the significant amount of money that was already spent each year on improving and maintaining drainage systems.
- It was pointed out that the emergency action that was taken by fire crews at a recognised high-risk spot for flooding on a road in Thorpe St Andrew had received significant media coverage. Discussions were taking place with the local landowner to examine what specific physical safety measures might be put in place to prevent a reoccurrence. It was suggested that community safety messages should be produced about the dangers of driving through flood waters. Elsewhere, some flooding was caused or exacerbated by vehicles driving through flood water and creating a bow-wave. The interests of the motorist should not take precedence over those of homeowners. The incidents would be re-examined to see what lessons could be learnt for future social media campaigns about the dangers of driving in flood conditions.
- There was information on the Council's website about grants for those who had suffered flooding. These details would be shared with those concerned.
- It was suggested that the Council's website should include up to date live information on current flooding issues, contact details and links to information on national websites and for these links and information to be shared with town and parish councils.

- The maps of all 36 authorities with relevant flood risk management functions should be integrated and linked with National datasets where appropriate and especially for those critical locations where there were ongoing issues that needed to be investigated.

8.5 **RESOLVED**

That Scrutiny Committee:

1. **Place on record best wishes to those Norfolk residents who suffered hardship as a result of the December 2020 Flooding Event.**
2. **Ask officers to take all possible steps to ensure that those residents who suffered hardship were made aware of all sources of support and information about flooding that were available to them.**
3. **Place on record thanks to the officers who attended the meeting for this item for their helpful and informative answers to Councillors questions.**
4. **That following on from the Cabinet decision and the actions that are to be taken following this meeting, the Scrutiny Committee receive an update report in Autumn 2021. The update report to include details about the work that has been done and remains to be done to resolve the issue of flooding (with supporting presentational information about outstanding hot spots in the county and attendance by representatives of Anglia Water, the Environment Agency and other appropriate organisations where necessary).**

9 **Update on Provisional Local Government Finance Settlement 2021-22**

9.1 The Committee received a report that provided an update on Provisional Local Government Finance Settlement 2021-22.

9.2 Cllr Andrew Jamieson (Cabinet Member for Finance) in introducing the report said that the provisional Local Government Finance Settlement for 2021-22 was lower than in previous years. The key details of the provisional settlement were contained in paragraph 3.2 of the report.

9.3 During discussion the following key issues were raised:

- The Council continued to take up with Government sources issues such as the fair funding review, the business rates review and the need for a sustainable model of funding for social care.
- The Administration did not believe the Government would penalise the Council if it were to apply a 4 % increase in Council Tax in 2021/22 rather than the permitted 5 % increase.
- The local council tax support grant was in relation to the County and District Councils. This grant was to compensate against the additional claims that people were expected to make in 2021/22.
- The sum of Norfolk Covid-19 monies that the County Council had allocated to the council tax assistance scheme would be made known to Councillors outside of this meeting.
- Final allocations by the Government of Public Health grant remained to be

confirmed.
- It was recognised that going forward more Government financial support was required to maintain Local Authority public health functions.

9.4 **RESOLVED**

That Scrutiny Committee note the report.

10 **Covid-19– NCC response**

10.1 The Committee received a report that provided a brief update on the NCC response to the Covid-19 pandemic.

10.2 Louise Smith, Director of Public Health, was present in the meeting to answer questions from Councillors.

10.3 During discussion the following key issues were raised:

- The current overall rate of Covid-19 infection in Norfolk was 400 per 100,000 people. While this rate was high, this was slightly lower than the average rate of infection for the east of England.
- Norfolk had passed the 1 000 deaths figure.
- The roll out of vaccines was in accordance with national guidance. The vaccination priority was about saving lives.
- The supply of vaccination was NHS centrally led.
- There was no national guidance on priority groups for those younger than 50 years of age. It remained to be seen if the Government were to regard schoolteachers as a priority.
- Special school staff were however being treated in Norfolk as a priority.
- Furthermore, all County Council front facing staff who were eligible for vaccination were seen being seen as a priority.
- The Vice-Chair suggested that some people who were staying/working at home might be willing to defer their vaccination so that others could be vaccinated.
- Councillors suggested that there needed to be clearer messages about the behaviour expected of people who were vaccinated. The Director said that this comment would be passed back to NHS communications.
- The advice from Public Health was that rapid Covid-19 tests for young school children were done most effectively by trained professional staff.
- The Chair said that at a later date it would be important to understand the reasons why the infection rates in Norfolk care homes were higher in the second wave of the pandemic after all the good work done on issues of PPE and staff movement at the end of the first wave.
- The Director of Public Health said that there was less room for improvement in reducing care home infection rates than there was during the first outbreak. Inspection regimes had pointed out that rigorous infection control measures were in place. The main explanation for the rise in case numbers was that the rates of infection in society generally were now much higher than during the first wave. Norfolk was not in a worse position on care home deaths than elsewhere, but currently the wave of infection was hitting Norfolk hard. A detailed analysis of the reasons would be provided later.
- It was noted that guidance for health and social care staff on the use of PPE

- had not changed significantly since the first wave of the pandemic. The issue needed to be flagged up nationally to see if changes were needed in response to the heightened levels of anxiety being shown by staff.
- The effect of family bereavement had become a matter of some concern for the mental wellbeing of young people.
- The District Councils had enforcement powers in relation to Covid-19 rules regarding supermarkets.
- The Scrutiny Committee should concentrate scrutiny on the added value that it could bring to dealing with the pandemic.

10.4 **RESOLVED**

That Scrutiny Committee note the latest update report and the hard work that continues to be done by the Norfolk Public Health team to contain the pandemic.

11 Scrutiny Committee Forward Work Programme

11.1 The Committee received a report (on the supplementary agenda) that set out a draft forward work programme.

11.2 It was pointed out that at their meeting on 12 January 2021 Cabinet had considered a report entitled "Adult Social Services charging policy for non-residential care - next steps following Judicial Review". The Vice-Chair moved, duly seconded, that scrutiny of this issue should be referred to the People and Communities Select Committee and this was agreed unanimously.

11.3 The Committee was fully aware that the County Council still faced a very serious Covid-191 crisis and that some Officers were likely to be redeployed from their current roles to support ongoing work during the pandemic. Councillors therefore wanted to focus the Committee's forward work programme at this time on requests for reports on essential information and to be able to adapt and change long-term areas of scrutiny work to meet constantly changing situations.

11.4 **It was then RESOLVED**

1. **To ask the People and Communities Select Committee to examine the issue of "Adult Social Services charging policy for non-residential care - next steps following Judicial Review" and to report back their findings to the Cabinet.**
2. **That the next meeting of the Scrutiny Committee should be for the scrutiny of the Council's budget with considerations as to the future shape of the Committee's forward work programme deferred to the Chair and Vice-Chair and held in abeyance until the subsequent meeting where possible.**

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The meeting concluded at 12.50 pm

Chair

MEMBER/PUBLIC QUESTIONS TO SCRUTINY 27 JANUARY 2021

1.1 Question from West Dereham Parish Council

What is NCC doing about flooding in the Borough Council of King's Lynn and West Norfolk, particularly in West Dereham? Properties in Station Road, West Dereham have suffered severe external flooding so far in 2021, with the concern that any further incidence may result in flooded homes and damage to property. Homeowners in Station Road, West Dereham say that they have reported the problem to Norfolk County Council but no positive action to remedy the situation has been taken. Could you please explain why this is the case?

Response by Chairman of Scrutiny Committee

When the Lead Local Flood Authority (LLFA) learn of a flood event in Norfolk, the Council will consider whether an investigation should be carried out, under Section 19 of the Flood and Water Management Act 2010, in order to determine:

- Which authorities have relevant flood risk management functions
- Whether each of those authorities has exercised, or is proposing to exercise, those functions in response to the flood.

The Council take a risk based approach to investigating flooding, using the **Flood Investigation Protocol** and **impact criteria**. The following types of flooding will initiate a flood investigation

- Any risk to loss of life or serious injury
- One or more properties flooded internally and/or one or more properties rendered inoperable or their functions severely compromised due to the access to the premises being impassable
- Any section of a national category 3 road or above made impassable due to flooding and/or flooding to **priority 1 and 2 gritting routes**.

If any property owners have suffered internal flooding please can they report it via our website: Report a flood - Norfolk County Council

If the flooding is connected to the ordinary watercourses to the south and east of Station Road, please contact the Downham Market Group of Internal Drainage Boards, who may be able to advise. Following the submission of your question, our Flood and Water Management Team have contacted them to alert them to the issues in West Dereham.

1.2 Question from Cllr Sandra Squire

In low lying areas of the Fens, it can be hard to ascertain the cause of drainage issues and flooding or who is responsible for solving issues so they don't reoccur in the future. When it is ascertained that the problem is a drain managed by a riparian owner that causes flooding, the council is reluctant to engage with riparian owners and make them undertake required maintenance, so the problem persists. Is it time that areas that raise concerns, have their drains audited to ensure they work efficiently and that residents are given a single point of contact when issues arise, rather than having to negotiate with several different organisations.

Response by Chairman of Scrutiny Committee

The regulatory responsibility for the ordinary watercourses in the low lying areas of the Fens rests with the Internal Drainage Boards (IDBs) who have their own bylaws for applying their powers for maintenance and obstructions.

Outside the IDB areas the Council have regulatory responsibility for ordinary watercourses, and we may take measures, in line with the Council's Flood and Water Management Enforcement Protocol, where an action has or is likely to increase flood risk and relates to:

- Internal flooding of a residential property which can include an attached garage (please note - a detached garage or shed is not considered internal)
- Flooding of critical infrastructure e.g. hospitals
- Flooding of main roads e.g. priority 1 and 2 winter gritting routes

1.3 Question from Cllr Ed Maxfield

The Flood Management Team worked hard in response to the December flooding event. I only heard positive comments locally about how it was handled at the time. However, has the event exposed the need for more resources to be invested? I do hear that dealing with the results of the December flooding is still affecting the team's ability to tackle other work. Do we also need clearer lines of accountability following the adoption of a new Flood Management Strategy: the workings of the North Norfolk Surface Water Steering Group remain opaque to me and their web page only lists two flood reports, one of which is not in North Norfolk.

Response by Chairman of Scrutiny Committee

On the 12th of January 2021 Cabinet agreed to invest £650,000 in additional revenue and capital funding to increase the resource in the Flood and Water Team, to cover urgent repairs on the highway network caused by floodwater damage, and to repair existing drainage systems. A further £1.5m has been allocated in 2021/22 for a Flood Reserve to assist with flood related issues.

The Cabinet also agreed to set up a task force to work with MPs and other stakeholders to ensure that the Environment Agency develops comprehensive, costed and funded plans to meet the challenges as set out in the recently published national strategy for England. The Council will also be developing a “memorandum of understanding” with other organisations who are key stakeholders in flood events (e.g. Environment Agency, Internal Drainage Boards, Anglian Water, other councils etc) to set out respective responsibilities, and a framework to help support and deliver common objectives and potential pooled funding in terms of how we collectively respond to and manage flooding events.

Additionally, when the Council prioritises and progresses flood risk mitigation studies in areas of local flood risk, stakeholder groups are formed that include the Districts, Anglian Water, local Internal Drainage Boards and other relevant stakeholders to assist the identification of flood risk issues and their potential solutions.

Scrutiny Committee Item 8

Decision making report title:	**Norfolk County Council Budget 2021-22:** • **Norfolk County Council Revenue Budget 2021-22 and Medium Term Financial Strategy 2021-25** • **Capital Strategy and Programme 2021-2022** • **Annual Investment and Treasury Strategy 2021-22**
Date of meeting:	**17 February 2021**
Responsible Cabinet Member:	**Cllr Andrew Proctor (Leader of the Council)** **Cllr Andrew Jamieson (Cabinet Member for Finance)**
Responsible Director:	**Simon George, Executive Director of Finance and Commercial Services**

Introduction

Through the course of the 2020-21 financial year, Scrutiny Committee has at various key stages considered progress in developing the Council's 2021-22 Budget. The appended reports (as presented to Cabinet 1 February 2021) represent the final stages of the 2021-22 Budget setting process.

Executive Summary

The appended reports enable and support the Committee's scrutiny of the Council's proposed 2021-22 Revenue Budget, Capital Programme and Annual Investment and Treasury Strategy.

Recommendations

1. **To consider and comment on the suite of 2021-22 Budget reports presented to Cabinet on 1 February 2021 as appended to this report, and in particular the Cabinet recommendations to County Council in relation to the:**

    - **Norfolk County Council Revenue Budget 2021-22 and Medium Term Financial Strategy 2021-25**
    - **Capital Strategy and Programme 2021-2022**
    - **Annual Investment and Treasury Strategy 2021-22**

1. Background and Purpose

1.1. Scrutiny Committee has considered the development of the County Council's 2021-22 Budget throughout the 2020-21 financial year, in particular:

- 23 September 2020 – key issues for the Council's 2021-22 budget setting and the broad areas proposed for savings development.
- 21 October 2020 and 18 November 2020 – savings proposals for 2021-22, approach to public consultation, key issues and risks.
- 27 January 2021 – update on funding allocations made at the Spending Review and provisional Settlement which have subsequently been reflected in 2021-22 budget planning.

1.2. The reports appended to this paper build on previous reports considered by the Committee and represent the culmination of the 2021-22 budget setting process, providing details of:

- Appendix 1 – the proposed 2021-22 Revenue Budget, proposed level of council tax and forecast Medium Term Financial Strategy position.
- Appendix 2 – the proposed Capital Programme, including new schemes for 2021-25+.
- Appendix 3 – the Annual Investment and Treasury Management Strategy including prudential indicators for 2021-22.

1.3. At its meeting 1 February 2021, Cabinet considered the above reports and recommended them without amendment to Full Council for consideration on 22 February 2021, when the County Council will set the Revenue Budget and level of council tax for 2021-22, agree the Capital Programme 2021-25+, and agree the Treasury Management Strategy for 2021-22.

2. Proposals

2.1. The appended reports as agreed by Cabinet at its meeting 1 February 2021 for recommendation to County Council set out in detail the proposed Revenue Budget, Capital Programme and Treasury Management Strategy. In particular, the following elements are dealt with in the reports and the Committee may wish to consider these:

Revenue Budget:

- background to planning for the 2021-22 Revenue Budget, including the wider funding context for the County Council;
- growth and savings proposals for budget planning in both the 2021-22 Revenue Budget and the Medium Term Financial Strategy for 2022-23 to 2024-25;
- overall level of council tax in 2021-22 and the element of the deferred Adult Social Care precept for 2022-23;
- forecasts of the level of reserves and provisions across the life of the Medium Term Financial Strategy;
- the Executive Director of Finance and Commercial Services' view on the robustness of the estimates used in the preparation of the 2021-22 Budget;
- details of the council's assessment of its compliance with the Financial Management Code published by the Chartered Institute of Public Finance and Accountancy (CIPFA); and

- findings of public consultation and equality and rural impact assessment, along with proposed mitigations.

Capital Programme:

- the Capital Strategy, aimed at securing a structured, affordable and prioritised approach for the development of future years' capital programmes;
- details of the development of the proposed capital programme, including:
    - schemes included in the current programme;
    - proposed new schemes funded through borrowing, capital receipts or grants and other anticipated contributions from third parties; and
- summary of forecast capital receipts.

Treasury Management and Investment Strategy:

- Investment and Treasury Strategy for the year ahead (2021-22) including criteria for choosing investment counterparties and managing the authority's underlying need to borrow for capital purposes.

3. Final Settlement and District Council forecasts

3.1. The appended Cabinet reports reflected the provisional Local Government Finance Settlement 2021-22 published 17 December 2020, and (at the time of writing) the latest available District Council (billing authority) forecasts of council tax and business rates.

3.2. Since the preparation of the Cabinet reports:

- On 4 February 2021, the final Local Government Finance Settlement was published[1]. The final Settlement made no material changes to the provisional Settlement and as a result there are no changes to the proposed Revenue Budget. Parliament is expected to vote on the final Settlement on 10 February 2021.
- No changes have been received from billing authorities in relation to the forecast council tax position.
- At the time of writing, updated business rates forecasts have been received from some billing authorities and further updated figures are expected to project a small reduction in business rates income forecasts for 2021-22. In line with the recommendation agreed by Cabinet, the final budget report to County Council will be adjusted to reflect the final forecast position, with any income shortfall being addressed from the Corporate Business Risk Reserve (to the extent possible).

3.3. As agreed by Cabinet, further changes will be made prior to the publication of County Council papers if required to reflect the latest information in respect of the above and in order to maintain a balanced budget position for presentation to Full Council.

4. Impact of the Proposal

4.1. Highlighted in appended reports.

5. Evidence and Reasons for Decision

[1] https://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2021-to-2022

5.1. Highlighted in appended reports.

6. Financial Implications

6.1. Highlighted in appended reports.

7. Resource Implications

7.1. **Staff:** Highlighted in appended reports.

7.2. **Property:** Highlighted in appended reports.

7.3. **IT:** Highlighted in appended reports.

8. Other Implications

8.1. Legal Implications

Highlighted in appended reports.

8.2. Human Rights implications

No specific human rights implications have been identified.

8.3. Equality Impact Assessment (EqIA)

Highlighted in appended reports. A full EQIA has been undertaken in respect of saving proposals for 2021-22 and is included within Appendix 1. The EQIA has been considered by Cabinet in making its recommendations to County Council as part of the budget process. The dynamic EQIA in respect of the Council's response to COVID-19 can be found here.

8.4. Health and Safety implications

None identified.

8.5. Sustainability implications

Highlighted in appended reports.

8.6. Any other implications

Highlighted in appended reports.

9. Risk Implications/Assessment

9.1. Highlighted in appended reports.

10. Select Committee comments

10.1. Highlighted in appended reports.

11. Recommendations

11.1.

1. **To consider and comment on the suite of 2021-22 Budget reports presented to Cabinet on 1 February 2021 as appended to this report, and in particular the Cabinet recommendations to County Council in relation to the:**

- **Norfolk County Council Revenue Budget 2021-22 and Medium Term Financial Strategy 2021-25**
- **Capital Strategy and Programme 2021-2022**
- **Annual Investment and Treasury Strategy 2021-22**

12. Background Papers

12.1. As listed in appended reports.

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

IN TRAN communication for all

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Scrutiny Committee

As presented to Cabinet

Item 8 A

Decision making report title:	**Norfolk County Council Revenue Budget 2021-22 and Medium Term Financial Strategy 2021-25**
Date of meeting:	**1 February 2021**
Responsible Cabinet Member(s):	**Cllr Andrew Proctor (Leader of the Council)** **Cllr Andrew Jamieson (Cabinet Member for Finance)**
Responsible Director:	**Simon George (Executive Director of Finance and Commercial Services)**
Is this a key decision?	**Yes**

Introduction from Cabinet Member

The 2021-22 Budget sees the Council making a further significant investment in maintaining service delivery, and proposes a sustainable budget based on an increase of 3.99% council tax (including 2% for the Adult Social Care precept). It has not been necessary for the Council to apply the full 3% available Adult Social Care precept increase in 2021-22 and the remaining 1% flexibility has therefore been deferred to 2022-23 as part of a prudent financial management approach.

As has been reported throughout the financial year, the impact of the COVID-19 pandemic on the council's finances in 2020-21 has been profound, with an inevitable major knock-on effect for the council's 2021-22 Budget setting. As a result, the Revenue Budget has once again been prepared in a climate of very significant uncertainty, with no long-term funding outlook from Government, major risks around ongoing COVID-19 related cost pressures and extreme levels of uncertainty about the stability of income from business rates and council tax. Nevertheless, the council must continue to comply with the statutory requirement to set a balanced Revenue Budget. Norfolk County Council is therefore due to agree its budget for 2021-22, and Medium Term Financial Strategy to 2024-25, on 22 February 2021.

In line with the timetable agreed last year, Cabinet has coordinated the budget setting process, establishing the parameters for Service Departments in order to develop a robust and deliverable whole-council budget. Departments have developed, reviewed and advised on budget plans for their service areas, taking into account the overall planning context as set out by the Cabinet through the year.

This report forms a key part of the strategic and financial planning framework for the council. It builds on reports received by Cabinet through 2020 in June, September and October to set out the detailed Revenue Budget proposals for 2021-22.

In the context of the significant impact of COVID-19 on all local authority finances, in order to develop the 2021-22 Budget, the council has:

- reviewed performance in the delivery of savings during 2020-21;
- considered the over and underspend positions within the current year, 2020-21, including the extent to which these have been driven by one off and exceptional items;
- considered the resources available to support the delivery of services in 2021-22 and the remainder of the medium term financial strategy period;

- considered the provision of short-term and one-off funding by Government to meet COVID-19 expenditure, and the extent to which these cost pressures will extend beyond the next financial year;
- developed new savings proposals for 2021-22 and beyond;
- considered the need for further investment to support service delivery; and
- re-assessed the deliverability and timing of existing planned savings for 2021-22 onwards.

At the time that the 2020-21 Budget was set (in February 2020, just prior to the significant escalation in the severity of the coronavirus COVID-19 pandemic), the council's planning was based on a forecast gap of **£93.694m** for the three years of the Medium Term Financial Strategy 2021-22 to 2023-24. The current financial monitoring position indicates a small underspend position for 2020-21, which includes making provision for carry-forward of both specific and un-ringfenced funding to address COVID-19 pressures in 2021-22. The proposals set out in these reports will enable the council to close the previously identified gap for 2021-22, as well as dealing with the significant additional pressures which have emerged as a result of COVID-19 and through the budget setting process. Looking ahead, the budget gap for 2022-23 identified in the updated Medium Term Financial Strategy is of a similar order to the gap closed for this year's Budget. The council's past performance and robust planning methodology therefore provides assurance that the council will be able to find the necessary savings to close the gap in 2022-23, although in this context it is important to recognise that the 2021-22 position has been supported through significant one-off measures including additional COVID-19 funding which will represent a major challenge to be addressed.

The council's budget proposals for 2021-22 as set out in the appendices to this report see the council's total resources aligned to the *Together, for Norfolk* strategy, and focussed on meeting the needs of residents and businesses. **The 2021-22 Budget provides for the council to make further significant investment, while addressing continuing severe pressure on services**, in order to preserve the delivery of services during the COVID-19 pandemic, including:

- **Adults:** £28.197m of growth pressure (including for the National Living Wage), against planned savings of £17.858m.
- **Children's:** £7.014m of growth pressure, against planned savings of £11.300m.
- **Community and Environmental Services:** £10.512m of growth pressure, against planned savings of £8.288m.
- **Corporate provision of £18.829m** for short-term COVID-19 pressures.

Overall, **the Budget therefore includes service growth pressures of over £45.723m[1], plus an additional central provision of £18.829m set aside for COVID-19** in 2021-22, representing a continued sustained and significant investment in maintaining and strengthening the council's key services, while simultaneously providing the maximum possible resources to address ongoing COVID-19 costs expected to continue into 2021-22.

The 2021-22 Budget has been prepared using planning assumptions based on information from the Spending Review 2020 announced 25 November 2020 and the provisional Settlement 2021-22 announced 17 December 2020 in order to inform the financial and planning context for the County Council for 2021-22. At this stage, there remains scope for change to budget assumptions linked to final District Council forecasts of council tax and business rates due in late January, and in the final Settlement expected in late January / early February 2021. In this context, the appended reports summarise the saving proposals for 2021-22, the proposed cash limited revenue budget based on all current proposals and identified pressures, and the level of council tax. A separate report on the agenda details the proposed capital programme.

[1] Adults, Children's and CES growth for economic and inflationary, legislative, demand and demographic, and policy pressures

Also appended is the feedback received to consultation on the level of council tax and Adult Social Care precept for 2021-22, two specific proposals, a summary of wider comments received on the council's saving proposals, and the findings and mitigating actions proposed from rural and equality impact assessments.

The information in this report and its appendices is intended to enable Cabinet to consider how proposals contribute to delivering an overall balanced budget for the whole council, and take a considered view of all relevant factors to inform budget proposals for 2021-22 and the financial strategy to 2024-25, in order to recommend these to County Council when it meets on 22 February 2021 to agree the final budget and Medium Term Financial Strategy for 2021-25.

Taking into account the council's overall budgetary position, consultation responses, and the recommendation of the Executive Director of Finance and Commercial Services, this report has been prepared on the basis of an **increase in general council tax of 1.99% and 2.00% for the Adult Social Care precept** in 2021-22, and a **deferred increase of 1.00% in the Adult Social Care precept for 2022-23**. This reflects the provisional referendum thresholds outlined by the Government at the time of the Spending Review and in the provisional Settlement.

Executive Summary

As in previous years, this report includes a suite of appended papers that support the council's budget setting process for 2021-22.

- Appendix 1: Norfolk County Council Revenue Budget 2021-22
- Appendix 2: Medium Term Financial Strategy 2021-22 to 2024-25
- Appendix 3: Statement on the Adequacy of Provisions and Reserves 2021-22 to 2024-25
- Appendix 4: Statement on the Robustness of Estimates 2021-22 to 2024-25
- Appendix 5: Findings of Public Consultation
- Appendix 6: Equality and Rural Impact Assessment

Collectively, these papers set out the overall direction of travel for strategic and financial planning for 2021-22 to 2024-25 and provide the detailed information to support Cabinet's Revenue Budget and council tax recommendations to the County Council, including the Executive Director of Finance and Commercial Services' (Chief Finance Officer) assessment of the robustness of the overall budget.

The papers:
- explain the background to planning for the 2021-22 Revenue Budget, including the wider funding context for the County Council;
- identify the growth and savings proposals for budget planning in both the 2021-22 Revenue Budget and the Medium Term Financial Strategy for 2022-23 to 2024-25;
- propose the overall level of council tax in 2021-22 and the element of the deferred Adult Social Care precept for 2022-23;
- set out forecasts of the level of reserves and provisions across the life of the Medium Term Financial Strategy;
- provide the Executive Director of Finance and Commercial Services' view on the robustness of the estimates used in the preparation of the 2021-22 Budget;
- set out details of the council's assessment of its compliance with the Financial Management Code published by the Chartered Institute of Public Finance and Accountancy (CIPFA); and
- outline the findings of public consultation and equality and rural impact assessment, along with proposed mitigations.

Recommendations

1) To consider the statements regarding the uncertain planning environment, robustness of budget estimates, assumptions and risks relating to the 2021-22 budget, and authorise the Executive Director of Finance and Commercial Services, in consultation with the Leader of the Council and the Cabinet Member for Finance, to make any changes required to reflect Final Local Government Finance Settlement information (if available), or changes in council tax and business rates forecasts from District Councils, in order to maintain a balanced budget position for presentation to Full Council. For the avoidance of doubt, to enable a final balanced Budget position to be recommended to County Council, Cabinet is asked to agree that any additional resources which become available will be added to the Corporate Business Risk Reserve, and any income shortfall will be addressed from the Corporate Business Risk Reserve (to the extent possible).

2) To review the findings of public consultation as set out in Appendix 5, and consider these when recommending the budget changes required to deliver a balanced budget as set out in Appendix 1.

3) To consider and comment on the findings of equality and rural assessments, as set out in Appendix 6 to this report, and in doing so, note the council's duty under the Equality Act 2010 to have 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 persons who share a relevant protected characteristic and persons who do not share it; and
   - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

4) To note that the council has responded to the consultation undertaken on the provisional Settlement.

5) To note the decision by Norfolk Leaders, acting as the Pool Board, to withdraw from 2021-22 Business Rates pooling as set out in section 9 of Appendix 1.

6) To agree the council's assessment of compliance with the CIPFA Financial Management Code as detailed in section 15 of Appendix 1.

7) To agree to recommend to County Council:

   a) The level of risk and budget assumptions set out in the Robustness of Estimates report (Appendix 4), which underpin the revenue and capital budget decisions and planning for 2021-25.
   b) The principle of seeking to increase general fund balances as part of closing the 2020-21 accounts and that in 2021-22:
      i) any grant funding received from the Local Tax Income Guarantee scheme be added to the Corporate Business Risk Reserve to offset tax income losses resulting from COVID-19 as they arise;
      ii) any further additional resources which become available during the year should be added to the general fund balance wherever possible.
   c) The findings of public consultation (Appendix 5), which should be considered when agreeing the 2021-22 Budget (Appendix 1).
   d) An overall County Council Net Revenue Budget of £439.094m for 2021-22, including budget increases of £127.170m and budget decreases of -£118.498m as set out in Table 11 of Appendix 1, and the actions required to deliver the proposed savings, subject to

any changes required in line with recommendation 1 above to enable a balanced budget to be proposed.

e) The budget proposals set out for 2022-23 to 2024-25, including authorising Executive Directors to take the action required to deliver budget savings for 2022-23 to 2024-25 as appropriate.

f) With regard to the future years, that further plans to meet the remaining budget shortfalls in the period 2022-23 to 2024-25 are developed and brought back to Cabinet during 2021-22.

g) To note the advice of the Executive Director of Finance and Commercial Services (Section 151 Officer), in section 7 of Appendix 1, on the financial impact of an increase in council tax, and confirm, or otherwise, the assumptions that:

- **i) the council's 2021-22 budget will include a general council tax increase of 1.99% and a 2.00% increase in the Adult Social Care precept, an overall increase of 3.99% (shown in section 7 of Appendix 1), and for 2022-23 a 1.00% Adult Social Care precept (being a partial deferral of the 2021-22 Adult Social Care precept), based on the current discretions offered by Government and as recommended by the Executive Director of Finance and Commercial Services.**
- **ii) the council's budget planning in future years will include general council tax increases of 1.99% for planning purposes, as set out in the Medium Term Financial Strategy (MTFS Table 4 in Appendix 2). These council tax assumptions have regard to the level of referendum threshold expected to be set for the year and take into account the Government's historic assumptions that local authorities will raise the maximum council tax available to them. Notwithstanding any decision to defer a portion of the Adult Social Care precept, the final level of council tax for future years is subject to Member decisions annually.**
- **iii) Beyond the 1.00% deferral of the Adult Social Care precept, no further increases in the Adult Social Care precept for 2022-23 onwards are assumed based on current Government policy, but that these will be subject to Member decisions annually within and informed by any parameters defined by the Government.**
- **iv) if the referendum threshold were increased in the period 2022-23 to 2024-25 to above 1.99%, or any further discretion were offered to increase the Adult Social Care precept (or similar), then it is likely that the Section 151 Officer would recommend the council take full advantage of any flexibility in view of the council's overall financial position as set out in the assumptions in section 6 of Appendix 1.**

h) That the Executive Director of Finance and Commercial Services be authorised to transfer from the County Fund to the Salaries and General Accounts all sums necessary in respect of revenue and capital expenditure provided in the 2021-22 Budget, to make payments, to raise and repay loans, and to invest funds.

i) To agree the Medium Term Financial Strategy 2021-25 as set out in Appendix 2, including the two policy objectives to be achieved:

- **i) Revenue: To identify further funding or savings for 2022-23 to 2024-25 to produce a balanced budget in all years 2021-25 in accordance with the timetable set out in the Revenue Budget report (Table 1 of Appendix 1).**
- **ii) Capital: To provide a framework for identifying and prioritising capital requirements and proposals to ensure that all capital investment is targeted at meeting the Council's priorities.**

j) The mitigating actions proposed in the equality and rural impact assessments (Appendix 6).

k) Note the planned reduction in non-schools earmarked and general reserves of 43.0% over five years, from £113.949m (March 2020) to £64.953m (March 2025) (Reserves Table 6 in Appendix 3);

l) Note the policy on reserves and provisions in Section 3 of Appendix 3;

m) Agree, based on current planning assumptions and risk forecasts set out in Appendix 3:

- **i) for 2021-22, a minimum level of general balances of £19.706m, and**

ii) a forecast minimum level for planning purposes of

- **2022-23, £21.206m;**
- **2023-24, £22.706m; and**
- **2024-25, £24.206m.**

as part of the consideration of the budget plans for 2021-25, reflecting the transfer of risk from Central to Local Government, and supporting recommendations;

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

1. Background and Purpose

1.1. The council's approach to medium term service and financial planning is based on the preparation of a rolling Medium Term Financial Strategy, with an annual budget agreed each year. The County Council agreed the 2020-21 Budget and Medium Term Financial Strategy (MTFS) to 2024 at its meeting 17 February 2020.

1.2. This report brings together a range of information including details of Cabinet decisions, the outcomes of Service Department and Corporate planning, input from Scrutiny Committee and Select Committees during the year, the results of public consultation and rural and equality impact assessments, and latest information about the provisional Local Government Finance Settlement. This is intended to enable Cabinet to consider how the proposals contribute to delivering an overall balanced budget for the whole council, and take a considered view of all relevant factors to agree budget plans for 2021-22 and the financial strategy to 2024-25, in order to recommend these to Full Council when it meets to agree the final budget and strategy for 2021-25.

2. Proposals

2.1. This is the second budget prepared under the Cabinet system. The strategic and financial planning approach to setting the budget this year continues with the robust and well-established framework adopted last year, with some minor changes to adapt to the remote working environment resulting from the COVID-19 pandemic. Cabinet considered the MTFS position in June 2020, which provided Members with a starting point to inform wider budget setting work across the organisation. This report identified a forecast gap of £117.852m for the period to 2024-25 including an indicative gap of £38.992m for 2021-22. Cabinet agreed an allocation of savings targets to departments. In September, Cabinet received an update to the MTFS position which indicated an overall gap of £129.779m with £45.434m relating to 2021-22 and considered the broad approaches to savings development being adopted in each department. In October, Cabinet then considered the detail of service department proposals intended to close the budget gap for 2021-22 and noted the requirement for a further process to generate robust and sustainable service savings to enable a balanced budget for 2021-22. Cabinet agreed to begin public consultation on the level of council tax and Adult Social Care precept. This consultation also provided the opportunity for the public to comment more generally on any of the council's new proposals for 2021-22 onwards. During the budget setting process, Scrutiny Committee has considered the development of the budget. The Council's three Select Committees received reports on the broad approach to developing budget proposals for the services within their remit at meetings held in September and noted the opportunities for Members to continue to contribute through the remainder of the 2021-22 Budget process.

2.2. This paper now sets out the latest information on the financial and planning context for the County Council for 2021-22 to 2024-25. It summarises the pressures, changes and savings proposals for 2021-22 for all Departments, to present the proposed cash limited revenue budget. The detailed work undertaken through the 2021-22 budget setting process has enabled the identification of robust savings and also reflects continuing investment into key service areas, and provision for short-term COVID-19 pressures, which will ultimately allow the council to set a realistic and balanced budget for 2021-22. Norfolk County Council is due to agree its new Budget and Medium Term Financial Strategy for 2021-22 to 2024-25 on 22 February 2021.

3. Impact of the Proposal

3.1. The COVID-19 crisis has affected virtually all aspects of life and its impact will continue to be felt for months and years to come. Throughout this period, the Council has taken action to maintain the delivery of vital services across all areas of its operations, and has worked in partnership across the whole system to protect vulnerable people, support businesses, and ensure the safety of all staff delivering this vital work. As a Council, we continue transform the way we work, including our people, assets, technology, structures and service delivery to improve outcomes.

3.2. The economic downturn caused by coronavirus is resulting in widespread economic impacts. In July 2020, the Council launched the "Norfolk Delivery Plan"[2], which is our contribution to the New Anglia Local Enterprise Partnership's "Norfolk and Suffolk Covid-19 Economic Recovery Plan"[3]. Rebuilding the local economy, while attracting investment and putting infrastructure in place to support further growth remains a priority alongside protecting the natural environment. We have seen the world change since the start of the COVID-19 pandemic in March 2020, especially in the way we work, shop and travel, and we want to springboard off those changes to both build back better and to build back greener.

3.3. The recommendations set out in this report are intended to enable Full Council to agree a balanced budget and the level of council tax for 2021-22. The proposals, in line with our ambitions, will impact upon the nature and type of services provided by the council, as well as delivering transformation to underlying council structures and operating models. In particular, they will:

- provide for growth and investment in key services, and the implementation of budget savings across council departments, which will help to shape service and financial activity for the year to come;
- position the council to respond positively to announcements made in the Spending Review 2020 and provisional Settlement for 2021-22;
- contribute to the council setting a balanced budget for 2021-22;
- inform future development of the 2022-23 budget and the MTFS beyond 2024-25; and
- assist the council in managing the significant future uncertainty around the Fair Funding Review, Business Rates Retention, social care reform, the UK's departure from the European Union, the short and medium term impacts of

[2] https://www.norfolk.gov.uk/care-support-and-health/health-and-wellbeing/adults-health/coronavirus/business-support/support-for-businesses/norfolk-delivery-plan

[3] https://newanglia.co.uk/covid-economic-recovery/

COVID-19, and future funding levels as a whole by establishing the baseline to build on in 2022-23.

3.4. Success in operating within the approved budget for the year, and the achievement of identified savings, will both be monitored throughout the year and reported to Cabinet as part of regular financial reporting. The budget setting process for 2022-23 will also be reported to Cabinet in line with the timetable set out in the appended papers.

4. Evidence and Reasons for Decision

4.1. Through the course of 2020-21, the council has faced an unprecedented and ongoing financial and public health crisis which has had significant implications for budget setting. It remains critical to engage with Government and other stakeholders to ensure adequate and sustainable funding for Norfolk to continue to deliver vital services to residents, businesses and visitors. Government announcements, including funding allocations for 2021-22 have informed financial planning assumptions, but it remains to be confirmed whether these are sufficient to address ongoing COVID-19 costs in 2021-22 and beyond. The Council's MTFS planning builds on the position agreed in February 2020 and this has been continually updated as more reliable information about cost pressures and funding impacts has emerged through the process.

4.2. The full suite of information and evidence to support the council's 2021-22 budget proposals is laid out in the appended papers. The Cabinet needs to recommend a budget in order for the council to fulfil the legal requirement to set a balanced budget for 2021-22 and determine the level of council tax for the year. The need to identify savings is driven by both service cost pressures, and the wider funding position of local government as set out elsewhere in the appended papers.

4.3. The proposals in this report are informed by the council's constitution, local government legislation, best practice recommendations for financial and strategic planning (including the CIPFA Financial Management Code) and feedback from residents and other stakeholders via the public consultation on the 2021-22 Budget as detailed within this report.

5. Alternative Options

5.1. The papers appended to this report represent the culmination of the process to develop detailed budgets and saving proposals for 2021-22 to be recommended to Full Council. However, at this stage it remains the case that no proposals have been agreed, meaning that a range of alternative options remain open.

5.2. In particular, there are a number of areas where Cabinet could choose to consider different parameters for the budget and recommendations to Full Council, such as:

- Varying the level of council tax and/or Adult Social Care precept for 2021-22, cognisant of the referendum principles for the year, and the implications for the level of savings to be found and the overall budget position;
- Considering alternative saving proposals, taking into account the time constraints required to develop proposals, undertake public consultation (where necessary), and meet statutory deadlines for the setting of council tax.
- Changing other assumptions within the MTFS (including reducing assumptions about budget pressures or varying the level of council tax) and therefore altering the level of savings required in future years.

5.3. The deliverability of the overall budget and saving proposals is kept under review by the Section 151 Officer in order to advise on final budget setting proposals. Final decisions on the Budget need to be taken by the County Council in February 2021 informed by final Local Government Finance Settlement figures, forecasts supplied by District Councils, and the findings of EQIA and public consultation activity.

6. Financial Implications

6.1. The budget papers appended to this report set out details of proposals which will contribute to the council's long-term financial sustainability and enable the setting of a balanced Budget for 2021-22. This includes the level of council tax for the year, and the savings which will need to be delivered by each department, subject to formal approval by Full Council in February 2021.

6.2. In the event that additional budget pressures, or any removal of savings for 2021-22 were identified by Cabinet or Full Council, there would be a requirement to identify equivalent further savings or increased income for 2021-22.

6.3. A number of significant financial implications have been described in this report and the supporting papers. As highlighted in the report and appendices, there has been a high level of uncertainty throughout the budget process about both the impact of the Local Government Finance Settlement for 2021-22 and the response to COVID-19. The provisional Settlement was announced 17 December 2020, but final figures remain to be confirmed in January or February. The implications of changes for future years, now expected to be implemented in 2022-23 (including a longer term funding settlement, the Fair Funding Review and 75% Business Rates Retention) remain the subject of very considerable uncertainty and although they have been reflected as far as possible in the council's 2021-22 planning processes, these impacts will need to be refined as further information is made available by Government.

7. Resource Implications

7.1. **Staff:** A number of the specific proposals set out in this report have various staffing implications and staff consultation will therefore need to be undertaken as appropriate as the proposals are further developed and implemented following approval by the County Council.

7.2. **Property:** The budget will have various property implications including the further disposal and rationalisation of certain properties. Consultation and engagement will therefore need to be undertaken as appropriate as the proposals are further progressed through to implementation following approval by the County Council. In addition, existing saving plans include activities linked to property budgets and assumptions around levels of capital receipts to be achieved.

7.3. **IT:** A number of the specific proposals set out in this report will have various IT implications, including the development, implementation and exploitation of new systems and approaches. In particular the 2022-23 savings include significant savings to be delivered through the implementation of the HR and Finance System replacement project. Existing saving plans include activities linked to IMT budgets.

8. Other Implications

8.1. Legal Implications

None specifically identified. This report forms part of the process to enable the council to set a legal and balanced budget for 2021-22. Specific legal considerations apply to the requirements around the setting of council tax and undertaking public consultation and these are addressed within the appended papers.

8.2. Human Rights implications

No specific human rights implications have been identified.

8.3. Equality Impact Assessment (EqIA)

When exercising public functions, the Council must give due regard to the Public Sector Equality Duty.

Equality and rural impact assessments have therefore been carried out on all 77 new proposals within the budget for 2021-22, and the proposal to increase council tax and the Adult Social Care precept. The assessments are set out in Appendix 6.

As in previous years, the findings of public consultation (set out elsewhere on the agenda) are part of the core evidence base informing the equality and rural assessments, and must be read alongside Appendix 6.

Based on the evidence available, it is possible to conclude that some proposals may have a positive impact on people with protected characteristics or in rural areas, and some proposals may have a detrimental impact, for the reasons set out in Appendix 6.

The Cabinet is therefore advised to take these impacts into account when deciding whether or not the proposals should go ahead, in addition to the mitigating actions recommended.

Some of the mitigating actions will address the detrimental impacts identified in this report, but it is not possible to address all the impacts.

In consequence, therefore, the task for the Cabinet is to consider the various impacts set out in Appendix 6, alongside the many other factors to be taken into account to achieve a balanced budget that focuses the Council's resources where they are most needed.

It is important to note that the assessments only consider the impact of the Council's budget proposals for this year. For obvious reasons, they do not detail the various positive impacts of the Council's day-to-day services on people with protected characteristics and in rural areas – such as the proposed programme of capital investment for 2021-2022; promoting independence for disabled and older people; supporting children and families to achieve the best possible outcomes; keeping vulnerable adults and children safe, and lobbying nationally on the big issues for residents and businesses.

Equality issues in relation to brought forward saving proposals were considered in the Equality Impact Assessment of the 2020-21 Budget.

The dynamic Equality Impact Assessment in respect of the Council's response to COVID-19 can be found here.

8.4. **Health and Safety implications**

None identified.

8.5. **Sustainability implications**

At its meeting 15 April 2019, the County Council recognised the serious impact of climate change globally and the need for urgent action, and committed to cutting down unnecessary resource use and waste, reducing its impact on the world, and shaping a more efficient, sustainable and competitive economy. Following this, on 25 November 2019, the County Council approved a new Environmental Policy. The 2020-21 Budget then recognised the implications of the new policy and made provision of £0.350m (£0.175m in 2020-21 rising to an ongoing £0.350m from 2021-22 onwards) within the revenue budget. This remains in 2021-22 budget plans. Provision for £1.000m of capital expenditure to support the Environmental Policy was also made within the 2020-21 Capital Programme.

Individual proposals within the 2021-22 Budget may also have an impact on the environmental sustainability of the County Council, particularly proposals for additional resources to respond to flooding, and those relating to changes in ways of working (smarter working) – such as increased remote working, better utilisation of our property estate, measures intended to promote reduced and greener business mileage (including promoting improved travel choices, better use of technology and flexible working approaches), and digitisation of paper, print, and physical record storage (with associated reductions in courier activity). Where individual budget proposals relate to (re)procurement activity, the council will also review contracts as they become due for renewal, with regard to any indirect impacts of the supply chain.

8.6. **Any other implications**

Significant issues, risks, assumptions and implications have been set out throughout the budget papers appended to this report.

9. Risk Implications/Assessment

9.1. A number of significant risks are set out throughout the papers appended to this report.

9.2. At the time of preparing budget papers, the final Local Government Finance Settlement for 2021-22 remains to be confirmed and the overall level of government funding for next year therefore remains an area of limited risk. However, the Government has provided allocations of funding for pressures, and support for income losses relating to COVID-19, which may or may not prove sufficient depending on the further progress of the response to the pandemic in 2021-22 and this is an area of significant risk which will continue to evolve over the course of the next financial year. Further risks related to COVID-19 were set out in the October Cabinet report and include medium to long term financial implications such as the impact on the wider economy and council tax and business rates base and income. Subject to the final details of the Local Government Finance Settlement and any other associated announcements, there may be a need for further actions to be taken in response to maintain a balanced budget position for 2021-22, and this position will need to be kept under careful review throughout the remainder of the budget setting process.

9.3. The Spending Review announcements in 2020 covered one year only, and as a result there remains high uncertainty about the levels of funding for 2022-23 and beyond. In particular, it is of significant concern that while Government has provided material short-term allocations for COVID-19 support, the 2021-22 Settlement provides only a very limited uplift in core funding, with significant reliance and expectation being placed on locally raised income. If this trend persists, the financial pressures for 2022-23 and beyond may become unsustainable. There remains a specific risk in relation to the longer term Comprehensive Spending Review and Fair Funding Review, which are both now expected to impact on 2022-23 budget setting, 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 the Fair Funding Review results 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.

9.4. 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 managed, could have significant financial consequences such as failing to generate income or to realise savings. These Corporate risks include:

- RM002 - The potential risk of failure to manage significant reductions in local and national income streams.
- RM006 - The potential risk of failure to deliver our services within the resources available over the next 3 years commencing 2018-19 to the end of 2020-21.
- RM022a – Implications of Brexit for Council staff and services
- RM022b – Implications of Brexit for external funding / Norfolk businesses
- RM032a – Effect of COVID-19 on NCC business continuity (staff, service users, and service delivery)

Further details of all corporate risks, including those outlined above, can be found in Appendix C of the Risk Management report to Cabinet on 12 January 2021 (item 17).

9.5. Decisions about significant savings proposals with an impact on levels of service delivery have required public consultation in previous years. New 2021-25 saving proposals, and the council's Budget as a whole, have been subject to equality and rural impact assessments as described elsewhere in this report.

9.6. High level risks associated with budget proposals are described as part of the report on the Robustness of Estimates. The Robustness of Estimates and the Statement on the Adequacy of Provisions and Reserves also set out financial risks that have been identified as part of the assessment of the level of reserves and provisions in order to evaluate the minimum level of general balances. In setting the Budget, the council can accept different level of risks, for example, minimising risk through investment in services, reducing higher risk savings, or putting in place additional reserves for specific risks. The robustness of the budget estimates are evaluated, setting out budget assumptions and areas of risk, to enable Members to consider the assumptions and risks that will underpin further decisions for agreeing the budget and level of general balances. The assumptions set out in the Robustness of Estimates report directly impact on the risk assessment of the level of general balances.

9.7. Executive Directors have responsibility for managing their budgets within the amounts approved by County Council. Executive Directors will therefore take measures throughout the year to identify, and then reduce or eliminate, potential overspends.

10. Select Committee comments

10.1. Select Committee comments were reported to Cabinet in October and included a request that consultation be undertaken earlier in the 2022-23 Budget process. This has been proposed in the timetable for next year's Budget.

11. Recommendations

11.1. **Recommendations as set out in the Executive Summary.**

12. Background Papers

12.1. Caring for our County, the vision for Norfolk: Link
Together, For Norfolk – an ambitious plan for our County 2019-2025: Link
County Council Budget 2020-21, 17 February 2020: Link
Budget Book 2020-21: Link
Strategic and Financial Planning 2021-22, 8 June 2020 Cabinet Paper (Item 12): Link
Strategic and Financial Planning 2021-22, 7 September 2020 Cabinet Paper (Item 11): Link
Strategic and Financial Planning 2021-22, 5 October 2020 Cabinet Paper (Item 11): Link
Fee Levels for Adult Social Care Providers 2021-22, 12 January Cabinet, (Item 9): Link

Finance Monitoring Report 2020-21 (on this agenda)
Capital Programme 2021-22 to 2023-24+ (on this agenda)
Treasury Management Strategy 2021-22 (on this agenda)
Dedicated Schools Grant Budget (on this agenda)

CIPFA FM Code: https://www.cipfa.org/policy-and-guidance/publications/f/financial-management-code

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

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Norfolk County Council
Revenue Budget 2021-22

1. Introduction and financial context

1.1. Local authorities across the country continue to face extreme levels of uncertainty about their finances. The COVID-19 pandemic, the process of leaving the European Union, and the delays to long awaited reforms to council finances have combined to create a highly turbulent environment for budget setting for 2021-22. Major reforms to local government finance including the Fair Funding Review, Business Rates Reform, and Social Care funding reform remain outstanding with no definitive timescales attached to them. Coupled with this, the impacts of COVID-19 are continuing to be realised in terms of cost pressures, income losses (including council tax and business rates), and non-delivery of planned savings. The response to the pandemic has led the Government to announce a one-year Spending Review, which was followed by a provisional Local Government Finance Settlement[4] that provided allocations for 2021-22 only; these remain to be confirmed in the Final Settlement due in January / February 2021. As a result, local government has very little clarity about funding beyond next year and the picture for 2022-23 onwards remains extremely unclear, with uncertainty around any future Comprehensive Spending Review (CSR), and the continued response to COVID-19.

1.2. A key area of concern is that the provisional Local Government Finance Settlement in December 2020 saw limited additional "core" funding being targeted towards local government, although some extra resources were provided to address the short-term financial implications of COVID-19. In this context, a long-term solution to the challenge of adequately funding Adult Social Care remains desperately overdue. In its response to the provisional Settlement, the council has therefore continued to call for a prompt resolution to the Fair Funding Review, to deliver adequate and sustainable funding levels for county councils.

1.3. Although the Government highlighted increased resources for local government in the settlement announcement (quoting a 4.5% cash-terms increase in "core spending power" (CSP)[5]), this is heavily predicated on local decisions to raise council tax and assumptions about tax base growth. As discussed elsewhere in this report, Government assumes that Norfolk County Council's CSP will increase by 5.3%, in 2021-22, however the majority (80%) of this is derived from assumed increases in council tax, including an optimistic forecast of tax base growth and applying the full 5% increase available in 2021-22. Therefore, when the major risks and uncertainties around COVID-19 are considered in conjunction with the substantial reductions in core government grant experienced since 2010, the overall level of uncertainty means that the financial environment for local government remains extremely challenging for the foreseeable future. In particular, it remains the case that local authorities face a growing gap between funding levels and service demand and cost pressures, driven in part by demographic changes, unfunded burdens such as the National Living Wage, and the needs of vulnerable social care users becoming increasingly complex. Children's services, in both social care and education (particularly the High Needs Block), also continue to be under very significant stress. Other services such as transport, planning, environment, and trading standards have been subject to

[4] https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2021-to-2022

[5] https://www.gov.uk/government/news/government-announces-new-funding-boost-for-councils

significant restrictions which have also seen increasing pressure placed on discretionary and preventative services as a source for budget savings in recent years.

1.4. Prior to the pandemic, there had been a national trend of retrenchment towards statutory service provision across local government. Although local government expects to receive very welcome additional funding to meet COVID-19 costs in 2021-22, it remains unclear whether this will be adequate to fully address any ongoing cost pressures, and the limited level of core funding increases announced in the 2021-22 Settlement are unlikely to be sufficient to meet ongoing demand and demographic pressures in the medium term. As a result, they fall short of reversing the sustained level of reductions experienced since 2010-11, and the funding gap is likely to widen from 2022-23, unless there are sustained increases in council tax and / or Government provides additional new funding to local authorities in future spending reviews.

1.5. In the Government's core spending power analysis for the period 2015-16 to 2021-22, Norfolk County Council has experienced a reduction in Settlement Funding of £92.828m and has been required to offset this through savings or increased local income. Simultaneously, cost pressures are increasing on many of the council's services. For example, last year alone, extra demands on children's services and adult's social care services arising from circumstances outside of the council's control – such as inflation, and changes in Norfolk's population profile – cost another £40.109m. Dealing with ongoing spending pressures and funding reductions of this scale requires the council to keep its business and operations under constant review, and to continually seek to deliver services in the most effective way possible, for the lowest cost. This imperative, alongside the council's vision and strategy, and the council plan *Together, for Norfolk*, have informed the preparation of the council's 2021-22 Budget and Medium Term Financial Strategy (MTFS). The council's detailed budget planning work has enabled the development of a robust set of proposals for 2021-22, which close the budget gap of £38.992m identified in the 2020 Medium Term Financial Strategy, support the continued investment in key services, and allow a balanced budget for 2021-22 to be put forward for recommendation by Cabinet.

1.6. The latest estimate of the council's overall budget position for 2021-22 as a result of the above, and other emerging issues, is set out in the remainder of this paper. In line with the Financial Regulations and associated Budget Protocol, it is possible that the position will need to be updated between Cabinet and the County Council meeting in February to incorporate any final Settlement information and also to reflect any final changes to District Council business rates and council tax forecasts due at the end of January. It is proposed that any adjustments required are handled through adjustment to the Corporate Business Risk Reserve.

2. Impact of COVID-19

2.1. The COVID-19 pandemic has had a profound impact on the Council's activities and finances in 2020-21. Significant additional funding has been provided in-year by Government as part of the response to COVID-19 to meet additional cost pressures, compensate for lost income and offset the impact of non-deliverable savings. At the same time, normal operations have been severely disrupted and although considerable uncertainty remains, it is likely that this disruption, and additional costs, will endure well into 2021-22. Full details of the 2021-22 position are set out within the Financial Monitoring report to Cabinet.

2.2. Funding announcements for 2021-22 included additional resources to address COVID-19 issues, although the level of funding is significantly less than has been provided for 2020-21 and the adequacy of this is a key area of risk. Nevertheless, the Budget seeks to provide the maximum possible resources in 2021-22 to meet COVID-19 pressures. Whether this is sufficient will be highly dependent on the further progress of the pandemic and the Council will inevitably be reliant on further Government support if the situation were to deteriorate or persist longer than Government anticipates. Details of the forecast impact of COVID-19 on the 2021-22 Budget are set out through this report, including within the Service department information in section 10.

2.3. It is particularly important to recognise in this context that the Government funding announcements for 2021-22 reflected in this Budget report were largely made at the provisional Settlement in December 2020. The allocations were, therefore, made prior to the imposition of the third national lockdown and it is unclear whether the funding provided will be adequate for the cost pressures faced as a result of this. It is also uncertain whether Government will seek to provide additional funding in either 2020-21 or 2021-22 in recognition of the impacts of the national lockdown which could have a material impact on the Budget position as it is set out. Very welcome Government financial support for COVID-19 has been announced throughout the course of the 2020-21 financial year and significant adjustments to financial planning have been required as a result. It is highly possible that this operating environment will persist into 2021-22.

3. County Council strategy and transformation

3.1. The COVID-19 crisis has affected virtually all aspects of life and its impact will continue to be felt for months and years to come. Individuals, families, businesses and community groups are all experiencing the strain and some of the most vulnerable people have been affected the most.

3.2. Throughout this period, the Council has taken action to maintain the delivery of vital services across all areas of its operations, and has worked in partnership across the whole system to protect vulnerable people, support businesses, and ensure the safety of all staff delivering this vital work. The impacts of the COVID-19 crisis will continue to have a significant impact on demand for our services and on the budget we have available. Demand for some services continues to rise each year with more older people requiring social care and more children with special needs and disabilities needing support. New pressures from the crisis will continue to add to this, and the economic and psychological distress of lockdown on our residents is expected to increase demand for our social care and support services. Our service transformation programmes are delivering new models of service, ensuring that, while we are meeting current needs, we are also safeguarding the future by continuing to invest in preventative action and early intervention. The Council is also working jointly with health partners as part of transformation within the health and social care system, such as discharge arrangements from hospital and short term care.

3.3. The economic downturn caused by coronavirus is causing widespread economic impacts. In July 2020, the Council launched the "Norfolk Delivery Plan[6]", which is our contribution to the New Anglia Local Enterprise Partnership's "Norfolk and Suffolk Covid-19 Economic Recovery Plan[7]". Rebuilding the local economy, while attracting investment and putting infrastructure in place to support further growth remains a priority. Tackling the climate crisis and protecting the natural environment and

[6] Norfolk Delivery Plan - Norfolk County Council
[7] https://newanglia.co.uk/covid-economic-recovery/

heritage of Norfolk also continues to be an urgent priority, as well as investing in the built environment and creating communities to be proud of. The Council's Environmental policy clearly sets out our ambitions for the authority. We have seen the world change since the start of the Covid-19 pandemic in March 2020, especially in the way we work, shop and travel, and we want to springboard off those changes to both build back better and to build back greener.

3.4. As a Council, we continue to transform the way we work. Over the past year, we have accelerated, in a number of areas, our Business Transformation and Smarter Working programme. This brings together change projects consistently across the council and creates opportunities to transform the way we work, including our people, assets, technology, structures and service delivery. Delivering change in an organisation as large and as complex as Norfolk County Council is difficult, particularly in a pandemic, and it is essential that we take our service users, residents, staff, partners and providers with us.

County Council Strategy and Transformation

3.5. Our Corporate Plan *Together, for Norfolk* sets out three overriding ambitions which drive the Council's priorities: a growing economy, thriving people, and strong communities. Our Plan also underpins and contributes to the delivery of the New Anglia Local Enterprise Partnership Norfolk and Suffolk Economic Strategy[8].

3.6. The plan provides a whole-Council view of significant activities, including, service change or redesign, infrastructure, assets and technology, including capital programmes or projects, strategy or policy development. Our services support our ambition by ensuring children and young people have the best start in life, protecting vulnerable people, developing strong infrastructure and helping improve the economy. As we begin to understand more about the impact that COVID-19 has on our people, place, and economy, we will update and align our plan to our COVID-19 recovery plans.

3.7. The Council's transformation programme has three key strands, core to the Council's objectives and ambitions.

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

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

[8] https://newanglia.co.uk/economic-strategy-for-norfolk-and-suffolk/

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

3.8. In all that we do, we continue to be guided by four core principles that frame our recovery and transformation work:

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

3.9. Our service transformation programmes are delivering new models of service, ensuring that, while we are meeting current needs, we are also safeguarding the future by continuing to invest in preventative action and early intervention. We are also embracing technology and opportunities to be more efficient in how we provide services, externally and internally, moving towards digital access where this is convenient and appropriate. We want to meet the current and future challenges head-on and continue to innovate in the way we deliver services and conduct our business, to achieve the best outcomes and the best value for money for our people of Norfolk.

4. The council's strategy and planning process for the 2021-22 Budget

4.1. The council's budget planning for 2021-22 has been undertaken in line with the following overarching timetable. The proposed outline timetable for next year's budget setting is also set out below and adopts a similar approach to this year.

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

Activity/Milestone	Time frame
2021-22	
June Cabinet (to consider 2021-22 budget process and timetable, agree allocation of savings required and framework for service planning).	08/06/2020
Scrutiny Committee	23/06/2020
~~*FFR exemplifications to be published by Government*~~	~~*Originally Spring / Summer, now delayed*~~
Treasury Fundamental Business Rates Review	July 2020 to Spring 2021
Comprehensive Spending Review	July 2020 to 24/09/2020
NCC Financial Regulations update	Autumn 2020
Budget Challenge (Corporate Board and portfolio leads to consider proposals at extended Corporate Board / Budget Challenge session BC1 and BC2)	July 2020 (Round 1) September 2020 (Round 2)
September Cabinet (to review MTFS assumptions, proposed areas for savings, and agree any revisions to 2021-22 budget gap targets)	07/09/2020

Activity/Milestone	Time frame
Select Committees to consider proposed areas for savings	September 2020
Scrutiny Committee	23/09/2020
October Cabinet (to consider final 2021-22 savings proposals for consultation, and overall budget position. Key decision – agree 2021-22 budget proposals for consultation)	05/10/2020
Scrutiny Committee	21/10/2020
Public consultation on 2021-22 Budget proposals[9]	26/10/2020 to 14/12/2020
~~Autumn Budget 2020 and~~ Spending Review 2020[10]	25/11/2020
Budget Challenge (BC3)	8 December 2020 (Round 3)
Provisional Settlement	17/12/2020
Final Settlement	*January 2021**
February Cabinet (to recommend 2021-22 Budget and council tax to County Council).	01/02/2021
Scrutiny Committee (scrutiny of 2021-22 budget proposals, consultation and EQIA)	17/02/2021
County Council Budget Setting (to agree final 2021-22 Budget and level of council tax)	22/02/2021
2022-23 Proposed	
Government Spring Budget 2021[11]	03/03/2021
Cabinet review of the financial planning position for 2022-26 – including formal allocation of targets	TBC May 2021
Select Committee input to 2022-23 Budget development	June or July 2021
Service review of budget pressures and development of detailed savings proposals 2022-26	May – September 2021
Conclusion of HM Treasury fundamental review of business rates	Spring 2021
*Comprehensive Spending Review 2021 to be launched?**	*TBC Spring / Summer 2021*
*Further indicative details and consultation on Fair Funding Review?**	*TBC Summer / Autumn 2021*
Cabinet considers emerging proposals and service budget strategies	TBC September 2021
Cabinet considers full savings proposals and agrees proposals for public consultation	TBC October 2021
*Chancellor's Autumn Budget 2020(?) – including outcomes of Comprehensive Spending Review**	*TBC October / November 2021*
Public consultation on 2022-23 Budget and council tax and Adult Social Care precept options	TBC October to December 2021
Reporting to **Cabinet** as appropriate	November – December 2021
*Provisional Local Government Finance Settlement announced including provisional council tax and precept arrangements**	*TBC around 5 December 2021*
Confirmation of District Council tax base and Business Rate forecasts	31 January 2022
Cabinet considers outcomes of service and financial planning, EQIA and consultation feedback and agrees	31 January 2022 (TBC)

[9] https://norfolk.citizenspace.com/consultation/budgetconsultation2021-2022/
[10] https://www.gov.uk/government/topical-events/spending-review-2020
[11] https://www.gov.uk/government/news/budget-2021

Activity/Milestone	Time frame
revenue budget and capital programme recommendations to County Council	
*Final Local Government Finance Settlement**	*TBC January / February 2022*
Scrutiny Committee 2022-23 Budget scrutiny	16 February 2022 (TBC)
County Council agrees Medium Term Financial Strategy 2022-23 to 2025-26, revenue budget, capital programme and level of council tax for 2022-23	21 February 2022 (TBC)

**Assumed Government activity*

4.2. The current year's Budget and Medium Term Financial Strategy (MTFS) for the period 2020-21 to 2023-24 was agreed 17 February 2020 including £63.786m of savings and with a remaining gap of £93.694m. The MTFS provided the starting point for the council's 2021-22 Budget planning activity. Full details of cost pressures assumed in the council's MTFS are set out in the 2020-24 Budget Book[12].

4.3. The latest information about the council's 2020-21 financial position is set out in the financial monitoring report elsewhere on the agenda. The council's overarching budget planning for 2021-22 is based on the assumption that a balanced 2020-21 outturn position is delivered (i.e. that savings are achieved as planned and there are no overall overspends). Ongoing pressures and non-delivery of savings within the forecast 2020-21 position have been provided for as detailed later in this paper. It is important to note in the context of COVID-19 that there has been a significant impact on the delivery of savings in the current year 2020-21 and some of this non-delivery has been mitigated within the budget process. Where it has not, this reflects the fact that non-delivery is due to delays in implementing savings and the realisation of these planned savings on a sustainable ongoing basis will be fundamental to the delivery of the 2021-22 Budget. In the short term, some provision for further delays in the delivery of these prior year savings may be available from Service COVID-19 risk reserves.

4.4. In June 2020, Cabinet considered the council's overall budget position in the context of emerging budget risks and uncertainties, and particularly the potential impact of COVID-19. Cabinet agreed an approach to service planning and budget setting including the allocation of savings targets to services, recognising the potential need for flexibility. Since then, Service Departments have been undertaking their budget planning to identify savings proposals, cost pressures and key risks for the 2021-22 Budget, in the context of the significant uncertainty caused by COVID-19. On 7 September 2020, Cabinet received an update report on the approach to savings development in each Service. On 5 October 2020, Cabinet received a further update and considered the:

- Significant areas of risk and uncertainty around emerging budget pressures for the 2021-22 Budget and Medium Term Financial Strategy.
- Uncertainty about national funding announcements.
- Assumptions about the level of council tax and Adult Social Care precept for 2021-22.
- Budget gap in the order of £15.062m which remained to be closed for 2021-22.

4.5. In October, Cabinet also agreed:

[12] https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/budget-book-2020-24.pdf

- The proposed savings to be taken forward in budget planning for 2021-22, subject to final decisions about the overall Budget in February 2021.
- That public consultation should be undertaken on the 2021-22 Budget and saving proposals, and the level of council tax and Adult Social Care precept for 2021-22.
- The actions required to develop further saving proposals in light of the significant uncertainty about the overall financial position.

4.6. The budget position and associated assumptions are kept under continuous review. The latest financial planning position and details of all Service Department savings proposals are set out for Cabinet to consider in this report prior to budget-setting by County Council in February 2021.

5. Proposed Revenue Budget 2021-22

5.1. As in previous years, the proposed 2021-22 Budget has been developed in a context of very considerable uncertainty. The provisional Settlement in December 2020 however provided a certain degree of assurance about funding for 2021-22, in particular in relation to COVID-19 costs. The proposals for next year are therefore intended to provide the maximum possible capacity and flexibility to respond to the short-to-medium term impacts of COVID-19 while also seeking to ensure that the 2021-22 Budget is as robust and deliverable as possible, given the council's wider service pressures and funding challenges. This includes reducing the planned reliance on proposals which are one-off in nature and would give rise to significant further budget pressures in future.

5.2. With the exception of COVID-19 resources, indicative funding announcements in the provisional Settlement were broadly in line with what had previously been assumed, with very limited increases to core funding, and as such the council continues to expect to need to draw on its earmarked reserves over the period covered by the MTFS. Some contributions into reserves will be made but this mainly reflects the timing of spend funded from specific grants (particularly in relation to COVID-19) and planning does **not** include any draw on the council's general balances. The use of reserves is also in part a reflection of the various severe cost pressures and challenges in achieving planned savings, which the council faces across almost all service areas. It is important to recognise that as a result, the council is **not** in a position to be able to remove or reverse any of the key service saving proposals agreed as part of the 2020-21 budget, including those savings which are due for implementation during 2021-22, beyond those set out later in the this report.

5.3. The Revenue Budget proposals set out in this document form a suite of proposals which will enable the County Council to set a balanced Budget for 2021-22. As such, **recommendations to add growth items, amend or remove proposed savings, or otherwise change the budget proposals, will require Cabinet (or ultimately, County Council) to identify offsetting saving proposals or equivalent reductions in planned expenditure**.

5.4. The Executive Director of Finance and Commercial Services is required to comment on the robustness of budget proposals, and the estimates upon which the budget is based, as part of the annual budget-setting process. This assessment is set out in the Robustness of Estimates report (Appendix 4).

5.5. The overall net budget proposed for 2021-22 is £439.094m. The provisional Local Government Finance Settlement for 2021-22 was published 17 December 2020 but remains to be confirmed in January 2021 and therefore amendments may be required to reflect any changes, although these are considered unlikely.

5.6. Table 2 below summarises the overall proposed final budget for 2021-22, including the cash limited budgets by service. Details of the proposed changes for each service are shown in section 10. The structure of the budget is based on the current Service Departments within the organisational framework. This reflects the establishment of a Strategy and Transformation directorate and a Governance department following Employment Committee decisions on 3 November 2020.

5.7. The net budget reflects the council tax requirement only, that is, the amount to be funded by council taxpayers. All income from the Business Rates Retention Scheme is accounted for as council income. The net budget also includes current information received from the District Councils on their respective council tax base, Collection Funds and expected Business Rates.

5.8. At the time of preparing this report in early January 2021, estimates of business rates collection, and the impact of Districts' council tax decisions are not fully known and therefore may change prior to reporting to County Council. In addition, the Local Government Finance Settlement is also not finalised and so the proposed 2021-22 Budget may need to be altered to reflect any changes to government funding amounts for 2021-22 following the final Settlement publication, expected to be announced at the end of January or early February 2021. Likewise, final changes to the District Councils' collection funds and the final Business Rates position will not be confirmed until the end of January and may alter the proposed 2021-22 Budget.

5.9. In relation to council tax, if the County Council agrees to increase council tax by 3.99% overall (1.99% in relation to general council tax and 2.00% for the Adult Social Care precept), this would generate £16.966m additional funding in 2021-22. Further details about council tax are included within section 7 of this report.

5.10. Service and budget planning for 2021-22 has been based on a number of assumptions about changes in core government funding, which remain to be confirmed. The details of all such assumptions and the remaining key risks are set out in section 6 of this report. The policy and position of the council's reserves and balances is set out in Appendix 3 and recommends a minimum level of general balances, reflecting budget risks and uncertainty around future government funding.

5.11. There is currently a small forecast underspend on the 2020-21 budget of £0.165m (Period 9 as reported at February 2021), and it is anticipated that an underspend or balanced position will be achieved at year-end as discussed in further detail in the Financial Monitoring report. The non-delivery of savings in 2020-21 has been considered as part of the 2021-22 budget process with mitigating actions in place as set out elsewhere in this report and in financial monitoring.

5.12. **Cabinet is asked to recommend to County Council the 2021-22 Budget proposals, subject to any changes they may have**. The proposed overall budget is shown in the table below and detailed in the remainder of this report.

Appendix 1: Norfolk County Council Revenue Budget 2021-22

Table 2: Net 2021-22 Revenue Budget

Service Department	2020-21 Base Budget	Budget increases - cost pressures	Budget decreases - savings	2021-22 Recommended Budget before funding and cost neutral changes	Net funding changes	Net cost neutral changes	2021-22 Recommended Net Budget
	£m	£m	£m	£m	£m	£m	£m
Adult Social Services	255.740	28.197	-17.858	**266.080**	-5.581	-7.948	252.550
Children's Services	196.211	7.014	-11.300	**191.925**	0.000	-13.039	178.886
Community and Environmental Services	163.471	10.512	-8.288	**165.695**	-1.827	-5.561	158.307
Strategy and Transformation	6.813	1.271	-0.553	**7.530**	0.000	0.016	7.546
Governance	2.552	0.581	-0.353	**2.780**	0.000	0.000	2.780
Finance and Commercial Services	30.811	1.688	-1.927	**30.572**	0.000	1.862	32.435
Finance General	-225.178	46.003	-0.900	**-180.075**	-38.005	24.670	-193.410
Total	**430.421**	**95.265**	**-41.179**	**484.508**	**-45.414**	**0.000**	**439.094**

Notes:
Tables throughout the budget reports are rounded to the nearest £0.001m and therefore may not sum exactly.
Budgets for Strategy and Transformation and Governance have been restated for 2020-21 to provide comparator / starting figures.

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

5.14. Note:

- Budget increases of £95.265m include £17.730m inflationary pressures, £10.462m legislative pressures, £13.097m of demand and demographic pressures and £53.976m of pressures arising from policy decisions (including corporate provision of £18.829m for COVID-19 pressures). See detailed Service Budgets in section 10.
- Details of £41.179m savings are also shown within the relevant Service Department in section 10. Of the budget savings, £7.738m relate to one-off savings in 2021-22, which will result in a pressure in subsequent years. These are detailed in Table 4 below. The budget also includes one-off use of reserves (included in Table 4) and detailed in the Reserves and Balances report (Appendix 3).
- The net funding increase of £45.414m includes £50.101m funding increases and £4.688m funding decreases as shown in Table 3. Of the funding increases, £31.948m is assumed to relate to one-off COVID-19 resources in 2021-22.
- Further details of the £27.217m of cost neutral changes are provided in the detailed Service Budgets in section 10.
- The change in the net revenue budget between 2020-21 and 2021-22 is £8.673m. The breakdown of this is set out in Table 5 below.

Table 3: Breakdown of net funding changes

	2021-22 £m
Funding increases	
New 2021 Social Care grant	-5.587
Revised Public Health grant	-1.915
Revenue Support Grant	-0.218
Rural Services Delivery Grant	-0.197
Core funding and business rates retention	-10.237
Local Council Tax Support Grant (one-off)	-7.512
COVID-19 funding Tranche 4 (one-off)	-5.608
COVID-19 funding Tranche 5 (one-off)	-18.829
Total funding increases	**-50.101**
Funding decreases	
Net reduction in Adults grants (Local Reform and Community Voices, Social Care in Prisons, and War Pensions Disregard Grant)	0.005
CES Brexit Grant funding ceasing	0.088
New Homes Bonus grant	0.665
Business Rates Pilot	3.879
Extended Rights to Free Travel Grant	0.050
Total funding decreases	**4.688**
Net funding changes	**-45.414**

Table 4: One-off savings

		2021-22	2022-23
Department	**Saving**	**£m**	**£m**
ASS	Reducing the amount we have set aside to cover potential bad debts. (One-off benefit).	-1.000	1.000
ASS	Releasing amounts previously carried forward in one-off reserves. (One-off benefit).	-0.475	0.475
ASS	BC3 - Use of Business Risk Reserve (one-off)	-2.000	2.000
CS	BC3 - 2021-22 New Roads transformation contribution capitalisation (one-off)	-1.000	1.000
CS	BC3 - 2021-22 transformation capitalisation (one-off)	-1.000	1.000
CES	One off use of reserves to fund economic projects budget	-0.174	0.174
CES	BC3 - One off reduction of the Arts Service budget (Health & Wellbeing)	-0.005	0.005
S&T	BC3 - One-off release of Strategy and Governance reserves	-0.300	0.300
FCS	One-off savings and use of reserves within Budgeting and Financial Management.	-0.255	0.255
FCS	One off saving from release of reserves.	-0.372	0.372
FCS	BC3 - Budgeting and Accounting one-off use of Finance Org Change reserve.	-0.157	0.157
FG	One off release of Organisational Change Fund	-0.500	0.500
FG	Insurance review (One-off use of reserves)	-0.500	0.500
	Total	**-7.738**	**7.738**

5.15. Note:

- These figures exclude funding increases (base adjustments), such as from the improved Better Care Fund and social care funding, and cost neutral changes. A summary is provided within Table 11 and details provided within Table 20.
- The 2021-22 Budget and Medium Term Financial Strategy (MTFS) also includes one-off use of resources such as the use of Public Health Reserves to deliver public health outcomes and which will result in future budget pressures. The implications of one-off funding are discussed in further detail in section 5 of the MTFS.

Table 5: Change in Net Revenue Budget 2020-21 to 2021-22

	£m
Budgeted council tax 2020-21	430.421
Increase due to:	
Tax base change (increase 1,192 Band D equivalent)	1.688
General council tax increase (1.99%)	8.470
Adult Social Care precept (2.00%)	8.497
Forecast reduction in Collection Fund[13]	-9.982
Budgeted council tax 2021-22	**439.094**

5.16. The table below sets out a summary of the savings proposals for 2021-22 to 2024-25. The council has identified a net £20.432m of **new** savings proposals in this budget round to help enable the council to set a balanced budget for 2021-22. Since reporting proposed savings for public consultation to Cabinet in October 2020, a number of proposals have been removed including CES027 relating to the Reduction of opening hours at Recycling Centre, and SGD011 relating to funding for elections. In addition, FCS015 relating to property savings has been delayed to 2022-23 to more realistically reflect the timescales for achievement. The following new proposals have also been identified for inclusion in budget planning. Further details of all the savings within 2021-22 planning can be found in the detailed Service Budgets in section 10.

- Use of Business Risk Reserve (one-off) (Adults)
- 2021-22 New Roads transformation contribution capitalisation (Children's)
- 2021-22 transformation capitalisation (Children's)
- Develop Gressenhall as an Environmental Hub for Norfolk (CES)
- Develop Norfolk Record Office 2050 Vision (CES)
- Capitalisation of Planning Advice & Information service within Environment (CES)
- One off reduction of the Arts Service budget (Health & Wellbeing) (CES)
- Recharge of staff time to alternative funding sources (CES)
- Review Staff structures in Highways team (CES)
- Fire and Rescue white and grey fleet arrangements (CES)
- Vacancy management (HR&OD) (S&T)
- One-off release of Strategy and Governance reserves (S&T)
- HR & Finance System - Benefits realisation from HR & Finance System replacement in HR&OD (S&T)
- Budgeting and Accounting one-off use of Finance Org Change reserve. (FCS)
- Treasury management interest payable budget saving (FIN)

[13] The forecast reduction in Collection Fund position reflects a material movement from a surplus position in the 2020-21 Budget to a deficit position for 2021-22 planning. This is due to the impact of the COVID-19 pandemic on council tax collections in 2020-21, and reflects provisions made by Government to mandate that a deficit arising in 2020-21 must be phased over a three year period. The position for 2021-22 also reflects the correction of a previous over-estimate of the Collection Fund position by the Borough Council of King's Lynn and West Norfolk in 2020-21. Apart from Norwich City Council, all Norfolk districts forecast a deficit position on the Collection Fund as set out in Table 17 of this report.

Table 6: Summary of recurring net budget savings by Department

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

5.17. As in previous years, budget planning across the council has also included work to review in detail the deliverability of planned savings and to understand service pressures. Following this activity, the 2021-22 Budget sees further investment in essential services through both the removal of previously planned savings and recognition of budget overspend pressures. The changes to previously agreed savings proposed in this report reflect a considerable effort to ensure that the 2021-22 Budget will be both robust and deliverable. Across the whole MTFS, the **net saving position above reflects the removal or delay of £10.783m of saving proposals brought forward from previous budget rounds**.

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

Income

5.19. The Council has four main funding streams:

- Business Rates Retention Scheme (including Revenue Support Grant)
- Council Tax
- Specific Grants
- Fees and Charges

5.20. The main issues to consider are:

1. **Business Rates Retention Scheme**
The provisional Local Government Funding Settlement in December 2020 set out details of the council's Settlement Funding Assessment (SFA) allocations for 2021-22, which include the authority's Revenue Support Grant (RSG) and business rates baseline funding level which were in line with the estimates made based on the information provided at the Spending Review 2020.

   The business rates baseline within SFA is normally uprated annually in line with CPI (previously RPI up to 2017-18). For 2021-22, the Government has announced that the Business Rate multiplier will be frozen. The real terms (0.55% CPI) increase which would normally be expected will instead be provided via a Section 31 grant. Until recently, in order to ensure that local government spending was within the national departmental expenditure limits, after taking into account the business rates baseline funding, RSG has been used as a balancing figure and subsequently was reducing year on year in line with the Government's deficit reduction plan. Planned reductions in RSG have given rise to a "negative RSG adjustment" for some local authorities since 2019-20 (Norfolk was not affected), which the Government has decided to continue to eliminate. RSG is being uplifted in line with CPI as expected for 2021-22.

The tables below show the breakdown of the 2021-22 Settlement Funding Assessment compared to the 2020-21 allocations, and the component elements. In overall terms, the provisional Settlement shows an increase of £0.218m or 0.1% to core government funding compared to the 2020-21 actual amounts, although this does not reflect the Section 31 grant. It should be noted these figures remain subject to confirmation in the final Settlement in January 2021.

Table 7: Provisional Settlement Funding Assessment changes

	2020-21 Actual	2021-22 Provisional	% Change (2020-21 actual to 2021-22 provisional)
	£m	£m	%
Upper-tier funding within Baseline Funding Level	147.134	147.134	0.0%
Fire and Rescue within Baseline Funding Level	7.884	7.884	0.0%
Total Baseline Funding Level	**155.019**	**155.019**	**0.0%**
Upper-tier funding within RSG	35.357	35.553	0.6%
Fire and Rescue within RSG	4.085	4.107	0.6%
Total Revenue Support Grant	**39.442**	**39.660**	**0.6%**
Total Settlement Funding Assessment	**194.461**	**194.679**	**0.1%**

Table 8: Breakdown of Provisional Settlement Funding Assessment

	2020-21 Actual	2021-22 Provisional	Change (2020-21 actual to 2021-22 provisional)
	£m	£m	£m
Settlement Funding Assessment	**194.461**	**194.679**	**0.218**
Notional breakdown:			
Revenue Support Grant	39.442	39.660	0.218
Business Rates Baseline	155.019	155.019	0.000
Via: Top-up	*127.897*	*127.897*	*0.000*
Retained Rates	*27.122*	*27.122*	*0.000*

2. **Council Tax**
The level of council tax remains a matter for local councils and the four options open to the council are to:

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

These budget papers have been prepared on the basis of a 1.99% increase in general (basic) council tax and a 2.00% increase in the Adult Social Care precept. This 3.99% increase generates £16.966m and results in total council tax of £439.094m for the year The Budget also proposes that the remaining 1.00% increase available on the Adult Social Care precept in 2021-22 should be agreed but deferred to 2022-23. This deferred amount would be in addition to any further Adult Social Care precept which might be available in future years. The council previously opted to raise the full 8% adult social care precept available over the period 2016-17 to 2018-19, with no increase available in 2019-20 and a further 2% raised in 2020-21. The Government's assumptions within the settlement about local authorities' abilities to raise council tax continue to mean that any decision to raise council tax by less than the Government's inflation assumptions, result in underfunding of the council compared to Government's expectations as expressed within the "core spending power" position.

3. **Other Income**
A table on total Government grant funding is shown below, with further details provided in the Medium Term Financial Strategy (Appendix 2).

Table 9: List of key grants and funding

	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Estimated	Estimated	Estimated	Estimated
	£m	£m	£m	£m	£m
Un-ring-fenced					
Business Rates Baseline (50% scheme)	155.019	155.019	155.019	155.019	155.019
Revenue Support Grant	39.442	39.660	39.660	39.660	39.660
Rural Services Delivery Grant	3.981	4.178	4.178	4.178	4.178
New Social Care Grant	24.755	30.342	30.342	30.342	30.342
Section 31 Grant (compensation for Government business rate initiatives)	9.939	8.077	8.077	8.077	8.077
New Homes Bonus	2.934	2.269	0.807	0.000	0.000
School Improvement Monitoring and Brokering Grant	0.725	0.725	0.725	0.725	0.725
Fire Pension Grant	1.629	1.629	1.629	1.629	1.629
Fire Revenue	1.057	1.047	1.047	1.047	1.047
Inshore Fisheries	0.152	0.152	0.152	0.152	0.152
Local reform and community voices	0.599	0.599	0.599	0.599	0.599
Extended rights to free travel (Local Services Support Grant)	1.009	1.009	1.009	1.009	1.009
PFI Revenue Grant (streetlights and schools)	7.905	7.905	7.905	7.905	7.905
Social Care in Prisons	0.352	0.352	0.352	0.352	0.352
Independent Living Fund Grant	1.379	1.379	1.379	1.379	1.379
Improved Better Care Fund	38.454	38.454	38.454	38.454	38.454
War Pensions Scheme Disregard	0.245	0.245	0.245	0.245	0.245
Ring-fenced					
Public Health	40.630	40.630	40.630	40.630	40.630
Dedicated Schools Grant[14]	646.495	699.469	699.469	699.469	699.469
Pupil Premium Grant	33.469	33.469	33.469	33.469	33.469
Locally collected tax (forecasts)					
Council tax (assuming increase 3.99% 2021-22 (including ASC precept), 2.99% 2022-23 (including ASC precept), 1.99% (including ASC precept) 2023-24 and 1.99% 2024-25)	430.421	439.094	455.976	470.366	485.188
Pooled funding					
NHS Funding (incl. Better Care Fund)	62.057	62.057	62.057	62.057	62.057
COVID-19 funding[15]					
COVID-19 Grant funding	70.277	18.829	0.000	0.000	0.000
Local council tax support grant	n/a	7.512	0.000	0.000	0.000
Local tax income guarantee	n/a	TBC	0.000	0.000	0.000

Expenditure – underlying trends

5.21. As always, the aim of the budget planning process is to deliver a robust budget that supports the council's priority areas, protects and develops services, but is affordable within the available levels of funding. The major areas of cost affecting Norfolk County Council that have been incorporated into the 2021-22 budget plans are:

1. Price inflation

Significant elements of the council's services continue to be delivered externally to the County Council – through partners, private sector contracts, and via the council's own company (Norse) – meaning that contractual arrangements are a key driver of the Council's cost pressures. A significant proportion of the council's spend is via third party contracts and the effective management of these contracts to ensure both value for money and proper standards of service, is critical. It is important to note that price rises driven by the Covid-19 pandemic have not been included in underlying budget planning although a corporate provision has been set aside. Such cost pressures will be considered as part of the Council's ongoing financial response to the pandemic.

2. Demographics

Demand for services continues to rise, both through the age profile of the county, population changes and through changes to need, such as increasing complexity partially as a result of medical advancements and economic changes. Preventative strategies are in place and, wherever possible, continue to be developed, but these alone will not be sufficient to stem the growth in levels of demand. Budget savings designed to reduce the impact of growth are shown separately. For example, in children's social care, the national picture shows a significant rise in demand both in terms of numbers and complexity of need, thus cost. Current commitments in Norfolk show that whilst the overall number of children being looked after has reduced during 2020-21, the proportion of higher-cost placements has increased due to the level of need. However, this is the net position of the demographic growth being offset, at least partially, by the departments' transformation programme and associated budgetary savings.

3. Pay award and the National Living Wage

The costs of the National Living Wage increase in 2021-22 for both the council's directly employed staff and contracted services. The Budget assumes a pay freeze in 2021-22, although it makes provision for pay increases of £250 for those on salary scales less than £24,000 in line with Government announcements for other public sector workers. A contingency of 2% has been provided in the event that the actual pay award for 2021-22 is greater than this. The pay award remains subject to confirmation at this point.

[14] DSG is before Academy recoupment

[15] COVID-19 funding was not budgeted for in 2020-21, figures represent in-year allocations and remain subject to change. The Local council tax support grant allocation is subject to confirmation at the final Settlement. Local tax income guarantee amounts will be confirmed during 2021-22.

4. **Increased costs of COVID-19 response**

   The 2021-22 Budget makes one-off provision to support exceptional costs of responding to the COVID-19 pandemic. At this point, the specific nature of these cost pressures remain to be confirmed, and although the majority are expected to arise within social care provision, there may be other costs linked to areas such as the local government elections (currently scheduled for May 2021). The one-off Government funding for COVID-19 in 2021-22 has been set aside and is being held corporately to respond to these pressures as they arise. The costs are assumed to be short-term only (in line with the Government funding allocation) and in the absence of further Government support, there is no scope within this Budget to provide at this stage for any further increases in costs or costs which may persist into 2022-23.

5. **Increased costs of borrowing**

   Increased costs are anticipated from 2021-22 in line with borrowing forecast to be undertaken in 2020-21 and 2021-22, with an element of contingency for possible interest rate growth and any additional borrowing for cash flow or capital purposes. The council continues to seek to minimise borrowing costs, including by assessing alternative sources of borrowing, and accessing lower rates for infrastructure investment where possible.

5.22. The Capital Programme will be funded from external capital grants, prudential borrowing, revenue budgets and/or reserves. The majority of schemes have historically been funded from capital grants received from central government departments. The largest capital grants are from the Department for Transport and the Department for Education, and this is reflected in the balance of the programme. Capital receipts can only be used to fund capital expenditure (which in turn reduces the future revenue impact of borrowing), to repay debt, or (as a result of additional flexibilities from the 2015 Spending Review) to support the revenue costs of transformation projects as set out in the Capital Programme report elsewhere on the agenda. The proposed Revenue Budget for 2021-22 includes the previously planned use of £2.000m of capital receipts for debt repayment and £3.000m of capital receipts for transformation activity in order to ensure that the overall MTFS is robust and deliverable.

5.23. Subject to the timing of borrowing and the application of the Minimum Revenue Provision (MRP) policy, the future annual revenue cost of prudential borrowing can be significant (as much as 7% of the amount borrowed based on a typical asset life). The amount and timing of these costs is reflected in the revenue budgets where appropriate and in particular assumes additional borrowing for future years. Separate reports to Cabinet, elsewhere on this agenda, set out the detail of the Treasury Management Strategy and the Capital Strategy including the 2021-25+ programme and funding plans.

5.24. Financial planning assumptions for future years take account of the latest monitoring position for 2020-21, as reported to Cabinet elsewhere on this agenda. Further details of the financial planning context are set out in the Medium Term Financial Strategy 2021-25.

5.25. The Statement on the Robustness of Estimates 2021-25 (Appendix 4) sets out the Executive Director of Finance and Commercial Services' (Section 151 Officer) view on the robustness of the estimates made for the purposes of the calculation of the precept and therefore in agreeing the County Council's budget. The factors and budget assumptions used in developing the 2021-25 budget estimates are set out as part of that judgement. The level of reserves has been analysed in terms of risk and is reported to Cabinet as part of these budget papers. The recommended level of general balances is £19.706m for 2021-22. Provision has been made within the 2022-23 position to increase the General Fund to contribute to achieving a target balance of 5% of the net revenue budget in future years. There may also be some opportunity to increase general reserves as part of the closure of 2020-21 accounts. The Medium Term Financial Strategy 2021-25 assumes that general balances will remain at or above the recommended level.

Expenditure and savings – proposals

5.26. Table 11 to Table 14 set out in detail the proposed cash limited budget for all Service Departments for 2021-22, and the medium term financial plans for 2022-23 to 2024-25. These are based on the identified pressures and proposed budget savings shown in the table below. Cost neutral adjustments are also reflected within the Service Department budgets.

5.27. As previously set out, significant uncertainty remains around the following areas:

- District council tax and business rate forecasts are not finalised, these remain subject to change until final forecasts are received at the end of January.
- The provisional Local Government Finance Settlement was published on 17 December, but the final settlement is not expected to be confirmed until the end of January 2021.
- The impact of COVID-19.

5.28. Any changes arising following Cabinet recommendations, or as a result of these uncertainties, will be reported to Full Council for decisions as appropriate and in line with the Budget Protocol.

5.29. The table below provides a summary of the changes in budget planning from the February 2020 MTFS to the current position across the four years of the 2021-25 MTFS.

Table 10: Budget planning position 2021-22 to 2024-25 – changes from the 2020-21 MTFS position

Item	2021-22	2022-23	2023-24	2024-25	Total
	£m	£m	£m	£m	£m
Medium Term Financial Strategy 2020-24					
Cost pressures and funding decreases					
Economic and inflationary pressures	19.758	20.338	20.338	0.000	**60.434**
Legislative requirements	7.813	6.851	8.017	0.000	**22.681**
Demand and demographic pressures	11.480	11.380	11.980	0.000	**34.840**
Council policy decisions	29.680	2.754	5.755	0.000	**38.188**
Funding decreases	4.017	0.050	0.050	0.000	**4.117**
Total cost pressures and funding decreases	**72.748**	**41.373**	**46.140**	**0.000**	**160.261**

Appendix 1: Norfolk County Council Revenue Budget 2021-22

Item	2021-22	2022-23	2023-24	2024-25	Total
	£m	£m	£m	£m	£m
Council tax					
Collection Fund	3.215	1.000	0.500	0.000	**4.715**
Council tax increase %	-8.588	-8.884	-9.187	0.000	**-26.659**
Tax base increase	-7.636	-6.606	-6.839	0.000	**-21.081**
Total change in council tax income	**-13.009**	**-14.490**	**-15.526**	**0.000**	**-43.025**
Savings and funding increases					
Adult Social Services	-7.344	-0.235	0.000	0.000	**-7.579**
Children's Services	-6.400	-2.000	0.000	0.000	**-8.400**
Community and Environmental Services	-2.765	1.264	0.000	0.000	**-1.501**
Strategy and Governance	0.000	0.000	0.000	0.000	**0.000**
Finance and Commercial Services	-0.650	0.000	0.000	0.000	**-0.650**
Finance General	-3.588	-1.412	-0.412	0.000	**-5.412**
Sub-total savings	**-20.747**	**-2.383**	**-0.412**	**0.000**	**-23.542**
Funding increases	0.000	0.000	0.000	0.000	**0.000**
Total savings and funding increases	**-20.747**	**-2.383**	**-0.412**	**0.000**	**-23.542**
Original gap at MTFS 2020-21 to 2023-24 (surplus)/deficit as agreed by Full Council in February 2020	**38.992**	**24.500**	**30.203**	**0.000**	**93.694**
Economic and inflationary pressures for all services	-2.027	-1.609	-1.453	19.352	**14.262**
Legislative requirements					
Extend legislative pressure assumptions for 2024-25	0.000	0.000	0.000	5.999	**5.999**
ASS - National Living Wage pressures	0.752	0.221	0.682	1.011	**2.666**
ASS - Provision for Minimum Income Guarantee judgement	0.600	0.000	0.000	0.000	**0.600**
CES - Fire Pension pressures	0.000	0.850	0.000	0.000	**0.850**
CES - Remove CES highways A and B class signage review pressures	-0.500	0.500	0.000	0.000	**0.000**
CES - Increased traffic management costs linked to more stringent national standards	0.280	0.000	0.000	0.000	**0.280**
CES - Public Health expenditure pressures for revised grant allocation	1.915	0.000	0.000	0.000	**1.915**
CES - Increased fuel costs for gritting vehicles	0.000	0.050	0.000	0.000	**0.050**
FG - EELGA pension deficit recovery payment	0.002	0.000	0.000	0.000	**0.002**
Demand and demographic pressures					
Extend demand and demographic pressure assumptions for 2024-25	0.000	0.000	0.000	11.000	**11.000**
CS – Home to School Transport: additional three days of provision (2021-22)	0.617	0.000	0.000	0.000	**0.617**

Appendix 1: Norfolk County Council Revenue Budget 2021-22

Item	2021-22	2022-23	2023-24	2024-25	Total
	£m	£m	£m	£m	£m
CS - Home to School Transport: additional demand pressures	1.000	0.000	0.000	0.000	**1.000**
CES - A143 / A12 link road scheme - landscaping pressures	0.015	0.000	0.000	0.000	**0.015**
CES waste pressure - remove as a result of re-procurement	-0.964	0.000	0.000	0.000	**-0.964**
Council policy decisions					
Extend council policy pressure assumptions for 2024-25	0.000	0.000	0.000	0.111	**0.111**
ASS - Adult Social Care – other revenue cost pressures including engagement	0.261	0.000	0.000	0.000	**0.261**
CS - Six-month delay to implementation of Children's Services new operating model (linked to delay in saving delivery)	0.580	0.210	-0.690	-0.100	**0.000**
CES - Countywide traveller site clearance works and highway repairs	0.030	0.000	0.000	0.000	**0.030**
CES - Highways pressure for cutting / clearance of drainage grips to reduce road flooding risks	0.235	0.000	0.000	0.000	**0.235**
CES - Full mapping and condition survey of cycling infrastructure to enable effective asset management	0.150	-0.150	0.000	0.000	**0.000**
CES - Weed spray application on new Trods being constructed via Parish Partnership Schemes	0.050	0.000	0.000	0.000	**0.050**
CES - Funding pressure for either additional Inspectors to ensure safety of network or moving towards technological solutions using cameras installed in vehicles	0.100	-0.100	0.000	0.000	**0.000**
CES - Funding of previous costs pressures delivered through one-off options (ITS)	0.125	0.000	0.000	0.000	**0.125**
CES - ICT Autocad licenses - change in licensing model	0.120	0.000	0.000	0.000	**0.120**
CES - Equality resources	0.120	-0.020	0.000	0.000	**0.100**
CES - Flooding budget revenue provision	0.350	0.000	0.000	0.000	**0.350**
CES - One-off contribution to establish a Flood Reserve	1.500	-1.500	0.000	0.000	**0.000**
CES - Fire - Fleet	0.270	0.000	0.000	0.000	**0.270**
S&T - Information Governance Service 2020-21 restructure	0.335	0.000	0.000	0.000	**0.335**
S&T - HR Apprenticeship Levy team pressure	0.160	0.000	0.000	0.000	**0.160**
GOV - Nplaw income pressure	0.375	0.000	0.000	0.000	**0.375**
GOV - Establish budget for legal advice relating to governance issues	0.035	0.000	0.000	0.000	**0.035**
S&T - Remove pressures previously addressed through short term measures or on a one-off basis	0.152	0.000	0.000	0.000	**0.152**

Appendix 1: Norfolk County Council Revenue Budget 2021-22

Item	2021-22	2022-23	2023-24	2024-25	Total
	£m	£m	£m	£m	£m
S&T - Establish transformation team revenue budget (previously Norfolk Futures)	0.550	0.000	0.000	0.000	**0.550**
FCS - Property - Whitegates running cost/undeliverable saving	0.100	0.000	0.000	0.000	**0.100**
FCS - ESPO dividend pressures	0.200	0.000	0.000	0.000	**0.200**
FCS - Pressure for significant change / growth in IMT contact centre telephony services	0.067	0.000	0.000	0.000	**0.067**
FG - Adjust Pension Fund deficit budget provision	-0.400	0.000	0.000	0.000	**-0.400**
FG - Future year MRP pressures	0.000	0.000	0.000	3.000	**3.000**
FCS - Digital transformation project accommodation costs	0.173	0.000	0.000	0.000	**0.173**
FCS - Property cost pressures	0.379	-0.178	0.000	0.000	**0.201**
Provision to increase General Fund level to maintain at target 5% net Budget	0.000	1.500	0.000	0.000	**1.500**
Provision for COVID pressures including Adults (centrally held)	18.829	-18.829	0.000	0.000	**0.000**
Funding decreases from 2020-21 MTFS					
Adults grant assumption changes (2020-21 allocations for Local Reform and Community Voices, Social Care in Prisons, and War Pensions Disregard Grant)	0.005	0.000	0.000	0.000	**0.005**
Change in New Homes Bonus grant	0.665	1.463	0.806	0.000	**2.934**
Savings and funding increases					
Changes to savings brought forward from 2020-21 MTFS					
Remove non-deliverable element of existing 2021-22 savings plans - ASC036: Maximising potential through digital solutions	1.000	0.000	0.000	0.000	**1.000**
Remove non-deliverable element of existing 2021-22 savings plans - ASS001: Expanding home based reablement	0.750	0.000	0.000	0.000	**0.750**
Remove non-deliverable element of existing 2021-22 savings plans - ASS001: Expanding accommodation based reablement	0.250	0.000	0.000	0.000	**0.250**
Remove non-deliverable element of existing 2020-21 savings plans - ASC038: Procurement of current capacity through NorseCare at market value	1.000	0.000	0.000	0.000	**1.000**
Defer implementation of existing 2020-21 and 2022-23 savings plans - ASC046: Revise the NCC charging policy for working age adults to apply the government's minimum income guarantee amounts	3.000	0.235	0.000	0.000	**3.235**

Appendix 1: Norfolk County Council Revenue Budget 2021-22

Item	2021-22	2022-23	2023-24	2024-25	Total
	£m	£m	£m	£m	£m
Delay budgeted delivery of existing 2020-21 and 2021-22 savings plans by six months to reflect impact of COVID-19 on implementation plans - CHS001: Prevention, early intervention and effective social care	0.500	-0.500	0.000	0.000	**0.000**
Delay budgeted delivery of existing 2020-21 and 2021-22 savings plans by six months to reflect impact of COVID-19 on implementation plans - CHS003: Transforming the care market and creating the capacity that we need	1.900	-1.900	0.000	0.000	**0.000**
Delay budgeted delivery of existing 2020-21 savings plans by twelve months to reflect impact of COVID-19 on implementation plans - CES001: Increasing the income we get from Adult Learning	0.240	-0.240	0.000	0.000	**0.000**
Delay budgeted delivery of existing 2020-21 savings plans by twelve months to reflect impact of COVID-19 on implementation plans - CES017: Reviewing the operation of Museum catering facilities to make them more commercial	0.035	-0.035	0.000	0.000	**0.000**
Extend assumptions about use of Public Health reserves from 2020-21 savings plans - PHE004: Use of Public Health reserves	0.000	-1.664	0.000	0.000	**-1.664**
Remove existing 2021-22 to 2023-24 savings plans which will be delivered within new service proposals - BTP001-5: Business Transformation savings	4.388	1.412	0.412	0.000	**6.212**
Net new saving proposals 2021-22 Budget Round					
Adult Social Services - new 2021-22 saving proposals	-16.514	4.275	2.000	0.000	**-10.239**
Children's Services - new 2021-22 saving proposals	-7.300	-2.500	-3.500	-2.500	**-15.800**
Community and Environmental Services - new 2021-22 saving proposals	-5.798	0.209	0.000	0.000	**-5.589**
Strategy and Transformation - new 2021-22 saving proposals	-0.553	-0.180	0.000	0.000	**-0.733**
Governance - new 2021-22 saving proposals	-0.353	0.000	0.000	0.000	**-0.353**
Finance and Commercial Services - new 2021-22 saving proposals	-1.277	0.026	-0.100	0.000	**-1.351**
Finance General - new 2021-22 saving proposals	-1.700	1.000	0.000	0.000	**-0.700**
Funding increases from 2020-21 MTFS					
Change in Revenue Support Grant	-0.218	0.000	0.000	0.000	**-0.218**
Change in Rural Services Delivery Grant	-0.197	0.000	0.000	0.000	**-0.197**
Local Council Tax Support Grant	-7.512	7.512	0.000	0.000	**0.000**
Tax Income Guarantee Scheme	TBC	0.000	0.000	0.000	**0.000**

Item	2021-22	2022-23	2023-24	2024-25	Total
	£m	£m	£m	£m	£m
Unringfenced grant funding carried forward into 2021-22	-5.608	5.608	0.000	0.000	**0.000**
Public Health Grant increase 2020-21	-1.915	0.000	0.000	0.000	**-1.915**
One-off Business Rates gain	-2.265	2.265	0.000	0.000	**0.000**
Rebase Business Rates budget	-7.972	0.000	0.000	0.000	**-7.972**
Share of new £300m Social Care Grant at SR20	-5.587	0.000	0.000	0.000	**-5.587**
Share of new £1.55bn COVID Grant for 2021-22	-18.829	18.829	0.000	0.000	**0.000**
Changes in council tax assumptions					
Council tax % increase (1.99% general council tax assumed for planning purposes in all years)	0.118	0.027	-0.003	-9.467	**-9.325**
Council tax collection fund (assumes deficit in 2021-22 with gradual recovery)	6.767	-2.360	-2.262	-0.645	**1.500**
Council tax base (0.4% growth 2021-22, 0.5% 2022-23, 0.75% 2023-24, 1.0% thereafter)	5.948	4.392	3.401	-4.710	**9.031**
Council tax ASC precept (2% ASC precept 2021-22, 1% ASC precept 2022-23 (Spending Round 2020))	-8.497	-4.451	0.000	0.000	**-12.948**
Proposed 2021-22 Revenue Budget and forecast MTFS gap (surplus)/deficit	**0.000**	**38.868**	**29.495**	**23.051**	**91.414**

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

Appendix 1: Norfolk County Council Revenue Budget 2021-22

Table 11: Summary Net Budget Changes 2021-22

	Adult Social Services	Children's Services	Community and Environmental Services	Strategy and Transformation	Governance	Finance and Commercial Services	Finance General	Norfolk County Council
	£m	£m	£m	£m	£m	£m	£m	£m
Base Budget 2020-21	255.740	196.211	163.471	6.813	2.552	30.811	-225.178	**430.421**
Growth								
Economic and inflationary	7.451	2.477	1.929	0.074	0.043	0.357	5.400	**17.730**
Legislative requirements	7.692	0.000	2.107	0.000	0.000	0.000	0.663	**10.462**
Demand and demographic	6.100	5.117	1.800	0.000	0.080	0.000	0.000	**13.097**
Policy decisions	6.954	-0.580	4.676	1.197	0.458	1.331	39.940	**53.976**
Funding reductions	0.005	0.000	0.088	0.000	0.000	0.000	4.594	**4.688**
Cost neutral increases	0.052	0.100	0.131	0.016	0.000	1.885	25.034	**27.217**
Total budget increase	**28.255**	**7.114**	**10.731**	**1.286**	**0.581**	**3.572**	**75.631**	**127.170**
Reductions								
Total savings	-17.858	-11.300	-8.288	-0.553	-0.353	-1.927	-0.900	**-41.179**
Funding increases	-5.587	0.000	-1.915	0.000	0.000	0.000	-42.600	**-50.101**
Cost neutral decreases	-8.001	-13.139	-5.692	0.000	0.000	-0.022	-0.364	**-27.217**
Total budget decrease	**-31.446**	**-24.439**	**-15.895**	**-0.553**	**-0.353**	**-1.949**	**-43.863**	**-118.498**
Base Budget 2021-22	**252.550**	**178.886**	**158.307**	**7.546**	**2.780**	**32.435**	**-193.410**	**439.094**

Funded by: Council tax	-442.861
Collection Fund surplus	3.767
	-439.094
2021-22 Budget Gap	0.000

Appendix 1: Norfolk County Council Revenue Budget 2021-22

Table 12: Summary Net Budget Changes 2022-23

	Adult Social Services	Children's Services	Community and Environmental Services	Strategy and Transformation	Governance	Finance and Commercial Services	Finance General	Norfolk County Council
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Base Budget 2021-22	252.550	178.886	158.307	7.546	2.780	32.435	-193.410	**439.094**
Growth								
Economic and inflationary	8.211	4.645	3.711	0.289	0.192	0.854	0.827	**18.730**
Legislative requirements	6.495	0.000	0.900	0.000	0.000	0.000	1.077	**8.472**
Demand and demographic	6.100	3.500	1.700	0.000	0.080	0.000	0.000	**11.380**
Policy decisions	0.000	-1.370	-1.770	0.000	0.051	-0.538	-12.686	**-16.313**
Funding reductions	0.000	0.000	0.000	0.000	0.000	0.000	35.726	**35.726**
Cost neutral increases	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Total budget increase	**20.806**	**6.775**	**4.541**	**0.289**	**0.324**	**0.316**	**24.944**	**57.995**
Reductions								
Total savings	4.275	-6.900	-0.466	-0.180	0.000	0.026	1.000	**-2.245**
Funding increases	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Cost neutral decreases	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Total budget decrease	**4.275**	**-6.900**	**-0.466**	**-0.180**	**0.000**	**0.026**	**1.000**	**-2.245**
Base Budget 2022-23	**277.631**	**178.762**	**162.382**	**7.655**	**3.104**	**32.776**	**-167.466**	**494.844**

Funded by: Council tax	-458.383
Collection Fund surplus	2.407
	-455.976
2021-22 Budget Gap	0.000
2022-23 Budget Gap	38.868

Appendix 1: Norfolk County Council Revenue Budget 2021-22
Table 13: Summary Net Budget Changes 2023-24

	Adult Social Services	Children's Services	Community and Environmental Services	Strategy and Transformation	Governance	Finance and Commercial Services	Finance General	Norfolk County Council
	£m	£m	£m	£m	£m	£m	£m	£m
Base Budget 2022-23	277.631	178.762	162.382	7.655	3.104	32.776	-167.466	**494.844**
Growth								
Economic and inflationary	8.256	4.509	3.851	0.292	0.201	0.878	0.898	**18.884**
Legislative requirements	6.728	0.000	-0.090	0.000	0.000	0.000	2.061	**8.699**
Demand and demographic	6.700	3.500	1.700	0.000	0.080	0.000	0.000	**11.980**
Policy decisions	0.000	-0.890	0.000	0.000	0.105	-0.052	5.902	**5.065**
Funding reductions	0.000	0.000	0.000	0.000	0.000	0.000	0.856	**0.856**
Cost neutral increases	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Total budget increase	**21.683**	**7.119**	**5.461**	**0.292**	**0.386**	**0.826**	**9.717**	**45.485**
Reductions								
Total savings	2.000	-3.500	0.000	0.000	0.000	-0.100	0.000	**-1.600**
Funding increases	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Cost neutral decreases	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Total budget decrease	**2.000**	**-3.500**	**0.000**	**0.000**	**0.000**	**-0.100**	**0.000**	**-1.600**
Base Budget 2023-24	**301.314**	**182.380**	**167.843**	**7.947**	**3.490**	**33.503**	**-157.749**	**538.728**

Funded by: Council tax	-471.011
Collection Fund surplus	0.645
	-470.366
2021-22 Budget Gap	0.000
2022-23 Budget Gap	38.868
2023-24 Budget Gap	29.495

Appendix 1: Norfolk County Council Revenue Budget 2021-22

Table 14: Summary Net Budget Changes 2024-25

	Adult Social Services	Children's Services	Community and Environmental Services	Strategy and Transformation	Governance	Finance and Commercial Services	Finance General	Norfolk County Council
	£m	£m	£m	£m	£m	£m	£m	£m
Base Budget 2023-24	301.314	182.380	167.843	7.947	3.490	33.503	-157.749	**538.728**
Growth								
Economic and inflationary	8.440	4.626	3.949	0.301	0.208	0.903	0.924	**19.351**
Legislative requirements	7.010	0.000	0.000	0.000	0.000	0.000	0.000	**7.010**
Demand and demographic	5.500	3.500	2.000	0.000	0.000	0.000	0.000	**11.000**
Policy decisions	0.000	-0.100	0.000	0.000	0.111	0.000	3.000	**3.011**
Funding reductions	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Cost neutral increases	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Total budget increase	**20.950**	**8.026**	**5.949**	**0.301**	**0.319**	**0.903**	**3.924**	**40.372**
Reductions								
Total savings	0.000	-2.500	0.000	0.000	0.000	0.000	0.000	**-2.500**
Funding increases	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Cost neutral decreases	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Total budget decrease	**0.000**	**-2.500**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**-2.500**
Base Budget 2024-25	**322.264**	**187.906**	**173.792**	**8.248**	**3.809**	**34.406**	**-153.825**	**576.600**

Funded by: Council tax	-485.188
Collection Fund surplus	0.000
	-485.188
2021-22 Budget Gap	0.000
2022-23 Budget Gap	38.868
2023-24 Budget Gap	29.495
2024-25 Budget Gap	23.051

6. Key risks and assumptions for the 2021-22 Budget

6.1. In setting the annual budget, Section 25 of the Local Government Finance Act 2003 requires the Executive Director of Finance and Commercial Services (Section 151 Officer, S151) to report to members on the robustness of budget estimates and the adequacy of proposed financial reserves. This informs the development of a robust and deliverable budget for 2021-22.

6.2. The Executive Director of Finance and Commercial Services' judgement on the robustness of the 2021-22 Budget is set out in Appendix 4, and will be substantially based upon the following considerations:

Changes in Budget planning

- Significant service pressures, totalling over £45.723m, which have been identified for 2021-22 and been incorporated into the Budget in February after being reviewed and validated.
- Potential additional COVID-19 cost pressures have been provided for, reflecting the Government support being made available for 2021-22.
- Recognising the fundamental changes in operating context brought about by the COVID-19 pandemic, work to review and validate the deliverability of the previously planned saving programmes has been undertaken so that changes can be reflected in final budget setting for 2021-22. As a result, it is considered that the MTFS agreed in February 2020 included a number of saving proposals which are now judged to be at risk of either non-delivery or delay. These savings totalling £13.063m have been removed or delayed as appropriate from 2021-22 and future years (£10.783m over the full MTFS period).
- Options to reduce the level of reliance on capital receipts and one-off measures across the life of the MTFS have been identified and reflected in planning where possible.
- Budget planning reflects final changes to inflation forecasts for 2021-22, however it should be noted that inflation figures are estimates only for future years and these will continue to change.

Risks

- The S151 Officer has considered the **adequacy of the overall general fund balance**, as well as the need for providing a general contingency amount within the revenue budget. This assessment is informed by the increasing level of the council's net budget, uncertainty about business rates income, Government funding and the implications of Brexit, the impact and uncertainty linked to the COVID-19 pandemic, and the council's overall value for money position. In broad terms, the general fund balance provides for around 16 days of the council's net budget activity. While recognising the changing picture, and increasing levels of risk, the proposed revenue budget for 2021-22 is based on maintaining general balances at £19.706m. This position acknowledges the significant pressures within the revenue budget and also takes into account the fact that specific earmarked reserves have been established which will help to address COVID-19 related pressures and risks in 2021-22. Having regard to the reserves and balances risk assessment, the S151 Officer further continues to recommend a principle of seeking to increase general fund balances and that any additional resources which become available during 2021-22 from (but not limited to) the following sources, should be added to the general fund balance wherever possible:
  - in year revenue underspends as reported through the monthly revenue monitor to Cabinet or at year end;

  - one off revenue funds which become available such as one-off unbudgeted income;
  - any other resources which become available on an unforeseen or unbudgeted basis.
- The latest information about the 2020-21 budget monitoring position is set out in the Financial Monitoring report elsewhere on the agenda. A number of the issues identified in the 2020-21 position are provided for in the pressures included in the 2021-22 Budget, however, save where they have been specifically mitigated within the budget process, the underlying assumption for budget setting is that the 2020-21 Budget is delivered (i.e. that all savings are achieved as planned and there are no significant unfunded overspends).
- The 2021-22 Budget provides for **no general salary inflation** for council employed staff apart from £250 for all employees earning less than £24,000. However, the pay award for the year has not yet been agreed, and at the time of writing, unions have not yet submitted a claim for 2021-22. In broad terms, every 1% pay increase represents an additional £2.5m pressure to the council. A contingency has been set aside for a pay award of up to 2%.
- Pay inflation from 2022-23 onwards is assumed and included in budget planning at 3% per year, broadly reflecting national pressures and expected increases to the level of the minimum wage / national living wage, however increases may also have further implications for some of the lower points on the council's current salary scales and this will need to be refined as pay negotiations progress.
- There is a risk that the Adults Business Risk Reserve may also be required to fund new pressures in 2021-22 linked to the non-delivery of savings and / or deprivation of liberty safeguards (DOLS) and any further impact following the expected ruling of the Supreme Court on sleep in shifts in the event that they arise during the year. Where these reflect ongoing costs, they will potentially give rise to further significant budget pressures from 2021-22 onwards. The level of pressure linked to DOLS is estimated to be £2m for a full year, however the timing of any pressures and whether these would attract funding from Government is currently unclear.
- The council submitted a disapplication request in respect of the **Dedicated Schools Grant (DSG)** for 2021-22 for 1% transfer in addition to the 0.5% transfer from the Schools Block (SB) to the HNB agreed by Schools Forum on 13 November 2020. The Council was notified on the 18 January 2021 that this request to the Secretary of State has been declined, with the resulting in-year forecast pressure for 2021-22 and cumulative deficit anticipated by the end of 2021-22 increasing by £5.243m. The DSG deficit arises from the historic underfunding of the High Needs Block, which supports high needs places in state special schools, independent schools, and Alternative Provision (AP). Norfolk is currently carrying an outstanding DSG deficit from previous financial years, with a forecast £30.963m cumulative deficit forecast for the end of 2020-21. On the basis of the accounting treatment introduced in 2020[16] by the Government:

  - the DSG is a ring-fenced specific grant separate from the general funding of Local Authorities;
  - any deficit an authority may have on its DSG account is expected to be carried forward and is not required to be covered by the authority's general reserves;
  - the deficit should be repaid through future years' DSG income.

[16] https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2019-to-2020/dedicated-schools-grant-conditions-of-grant-2019-to-2020#accounting

There is no easy solution to these funding challenges, and the system overall lacks sufficient funding to meet the needs of all pupils, given the increasing complexity of needs for significant numbers. Future uncertainty in relation to all DSG funding makes it extremely difficult for both schools and the council to plan ahead and to understand the implications of any decisions made. Nevertheless, the council recognises that the needs of current students must be considered alongside the offer for the future, and it is critical that mainstream schools have the funding locally to invest in creative solutions to achieve increased inclusivity. Removing funding from the mainstream schools (Schools Block) risks escalation of need that cannot be met at a lower level driving more pupils into high needs provision that is significantly more expensive. However, the revised terms and conditions of the DSG left the Council with little choice but to apply for an increased block transfer. The LA recognises the pressures on schools' budgets and the desire of schools to receive the maximum funding possible directly into their budgets via the funding formula, and that maximising funding in schools may support increased inclusivity and reduced escalation of needs. However, the LA must weigh this up against the current and forecast levels of DSG deficit and be responsible in considering how the deficit can be repaid from within the DSG in future years, as required by the regulations. The LA is required to have a plan in place for recovery of the DSG. Norfolk's plan has been presented to the DfE as well as to Schools Forum and the latest version is included in the Dedicated Schools Grant Budget report elsewhere on this agenda.

It should be noted that the Council's SEND (Special Educational Needs and Disability) and AP transformation programme is expected to deliver significant savings, which are shown in the table below:

Table 15: Forecast savings

	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
Savings (iterative)	-1.488	-3.608	-4.266	-2.525	-1.764
Savings (cumulative in-year)	-1.488	-5.097	-9.363	-11.888	-13.652
Savings (cumulative total)	-1.488	-6.585	-15.947	-27.835	-41.487

Lower delivery of savings, or growth above budgeted levels, could result in an increase to the cumulative deficit forecast in the DSG recovery plan.

The demand that the local authority is anticipating outstrips supply in future years, based upon the trends seen since the policy changes made in the SEND Reform Act. The local authority is of the view that the funding for the High Needs Block has not kept pace with the financial impact of these policy changes (including the emphasis upon parental choice) and, based upon current projections, the significant capital investment and transformation programme that is underway will not be sufficient to sustainably balance the DSG. To be able to properly meet the needs of Norfolk's population, the local authority is of the view that central government needs to allocate both sufficient revenue funding and capital funding, with the capital funding sufficient to both maintain the condition of existing maintained special schools, but also to expand provision (similar to capital grant allocations for mainstream schools).

The accounting treatment for DSG cumulative deficits diverges from normal accounting practice and allows councils to carry a negative balance on these reserves. This treatment is being dictated by Government but will need to be kept under review as it potentially remains a significant issue for Norfolk County Council and will result in a material deficit balance in the council's Statement of Accounts until the DSG recovery plan has been delivered.

- There are financial risks linked to the Council's ambitious net zero carbon emissions target which is set out within the Environment Policy adopted by the County Council in 2019-20. This aims to achieve carbon neutrality by 2030.
- There is an ongoing risk in relation to potential pressures within the Council's waste budgets which relates to the overall waste volumes. There are a number of factors that impact on waste volumes such as effects of the general economy, changing working routines, consumer confidence and behaviours and weather patterns. There have been significant increases in waste volumes over the last year, largely driven by greater numbers of people working from home and changes in consumer behaviours. These factors remain highly uncertain and could impact on waste volumes significantly. As a consequence of Covid-19 the County Council's waste services have experienced a surge in the volumes of waste, recycling and garden waste. This increase in materials being generated by households is being experienced nationwide and is mainly due to changes in householder behaviours in response to Covid-19 regulations, combined with the effect of many shifting to working from home. The waste levels managed by the County Council for the full 2020-21 financial year are currently projected to be around 6% or 14,000 tonnes more than expected. Similarly, the amount of recycling and garden waste collected by District Councils, which the County Council contributes to the cost of dealing with, is expected to be around 7% or 11,000 tonnes more than expected. During 2021-22 these levels of increases in waste, recycling and garden waste are expected to be sustained, due to an expected prolonged effect of Covid-19 on householder behaviours. However, although in the longer term these effects are expected to reduce it is also expected that many will retain some work from home habits, such that levels of both waste and recycling in the longer term will remain at levels several thousand tonnes a year higher than the pre-Covid-19 levels.
- Winter Hardship Funds have been provided to upper tier local authorities to support families and adults who are struggling financially as a result of the covid pandemic. The specific additional funding from central government to support those in hardship is currently in place to the end of March 2021. Therefore, there is a risk that given the ongoing pandemic, the third lockdown (implemented since the scheme was launched), and growing economic difficulties, that the need will continue beyond the end of March and that the local authority will be expected to meet this need without sufficient resource.
- On 25 November 2020, the Government announced[17] National Living Wage increases which will come into effect from April 2021. These reflect a 2.2% increase from £8.72 to £8.91 for workers aged over 23 (previously 25). This level of increase in the National Living Wage is allowed for in the council's own pay scales, but will have implications for some of our third party providers, particularly in respect of Adult Social Care as discussed in further detail in the Fee Levels for Adult Social Care Providers 2021-22 report to Cabinet in January 2021[18]. These announcements have significant financial implications for the council as every penny increase in the National Living Wage represents a pressure of approximately £0.200m for Adult Social Care. Increases to meet at least the National Living Wage have been provided for within 2021-22 budget plans.

[17] https://www.gov.uk/government/news/national-living-wage-increase-to-protect-workers-living-standards

[18] Agenda Item 9, Cabinet 12 January 2021

Assumptions

- The Chancellor's Spending Review announcements, as confirmed in the provisional Settlement, are expected to provide additional resources in 2021-22 beyond the level assumed in the February 2020 MTFS, although almost all of these are one-off funding linked to the COVID-19 response. Further details are provided in section 8 below. However, on the basis that COVID-19 cost pressures are genuinely short-term in nature, it is anticipated that this additional funding will enable a number of the pressures identified in the Budget to be mitigated to ensure a robust position can be established for 2021-22. As set out elsewhere in these papers, details of the final Local Government Finance Settlement remain to be confirmed although significant changes are considered unlikely.
- Assumptions have also been made that elements of funding will continue in 2022-23 and beyond. However, the short-term nature of the Spending Review announcement (for 2021-22 only) means that **risks remain around the provision of this funding in future years and therefore a material impact and potential cliff-edge may emerge in 2022-23 if these assumptions have to be subsequently reversed**. In addition, there is only a very limited increase in core ongoing funding provided in the 2021-22 provisional Settlement and Government has made assumptions about council tax increases which effectively transfer the burden of funding services to Norfolk taxpayers.
- A **1.99% increase in general council tax in 2021-22 and 1.99% in subsequent years** based on the current amounts allowed by Government before a local referendum is required. The assumed council tax increases are subject to Full Council's decisions on the levels of council tax, which will be made before the start of each financial year.
- An **increase of 2.00% in the Adult Social Care precept** from the 2020-21 level, based on the new flexibility offered by Government, with a deferred 1.00% increase for 2022-23. No further increases in the Adult Social Care precept are assumed beyond 2022-23 as the Government has not yet announced what options will be available to local authorities.
- In future years there will be an opportunity to consider the required level of council tax and Adult Social Care precept in light of any future Government announcements relating to the Fair Funding Review and Comprehensive Spending Review. However, it is currently the view of the Executive Director of Finance and Commercial Services that the pressures within the current budget planning position are such that the council will have very limited opportunity to vary these assumptions, and **in the event that the Government offered the discretion for larger increases in council tax, or further increases in the Adult Social Care precept, this would be the recommendation of the Section 151 Officer** in order to ensure that the council's financial position remains robust and sustainable.
- In addition to an annual increase in the level of council tax, the **budget assumes relatively modest annual tax base increases of 0.5% in 2022-23 and 0.75% for 2023-24 and 1.0% for subsequent years**. If these do not occur, the budget gap would be increased, but equally, additional growth would reduce the gap. This position reflects an allowance being made for an ongoing medium-term impact from COVID-19 on the overall tax base level. It should be noted that council tax forecasts from District Councils for tax base and collection fund have not yet been finalised and updated information will be provided at the end of January 2021.
- 2020-21 Budget and savings will be delivered in line with current forecasts and plans (no overall overspend). This also assumes that any "unmitigated" non delivery of savings from 2020-21 can be effectively made up during 2021-22.
- Use of additional Adult Social Care funding in line with conditions, and that non-Covid-19 related market pressures can be absorbed within existing budgets.

- Transformational change and growth pressures forecast in Children's Services relating to vulnerable children and families, and home to school transport, can be delivered within the funding allocated.
- Assumptions have been made in relation to the allocation of the new 2021-22 Social Care grant which sees the grant being fully aligned to Adult Social Services.
- The High Needs Block overspend and brought forward DSG deficit position can be treated in line with the accounting treatment proposed by Government and as such places no pressure on the local authority budget (as discussed in more detail in the risks section above).
- Cost pressures and capital schemes to achieve 2030 carbon neutrality as set out in the Environmental Policy are sufficient.
- Pressures forecast within waste and highways budgets can be accommodated within the additional funding allocations.
- The assumed use of one-off funding including £4.233m of reserves within savings proposals.
- That all the savings proposed and included for 2021-22 can be successfully achieved.
- The council is currently in the process of procuring a new HR and Finance System, following approval of the business case presented in May 2019[19]. The budget makes provision for the revenue and capital costs associated with the system, which is expected to deliver savings from 2022-23, with full benefits achieved from 2023-24, subject to implementation during the 2021-22 financial year. As a result, this Budget incorporates some early savings realised within Finance and Commercial Services in 2021-22, with the majority of savings now assumed in the planning position from 2022-23, which assists in closing the MTFS gap position in future years. The latest details about the progress of this major project are provided in the Human Resources and Finance Programme Update report to Corporate Select Committee in January 2021[20].

6.3. Taking these issues into account, it is the recommendation of the Section 151 Officer that early planning is undertaken in respect of 2022-23 and the scope to address pressures within the constraints of the overall budget should be reviewed in the round during 2021-22 when further specific details of the longer term funding allocations are known. **It will be essential that the council is able to produce a realistic plan for reducing the budget requirement in future years through the early identification of saving proposals for 2022-23, or the mitigation of currently identified pressures**, and that all proposals are considered in the context of the significant budget gap identified for that year.

7. Council tax

7.1. The council tax / precept is set in the context of restrictions and requirements imposed by Government. In particular, the Localism Act requires that any council tax increase in excess of a limit determined by the Secretary of State for Housing, Communities and Local Government and approved by the House of Commons, will be decided by local voters, who, through a local referendum, will be able to approve or veto the proposed increase. The threshold for 2021-22 has been provisionally announced as 5% (2% for general council tax and 3% for the Adult Social Care precept, with an

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

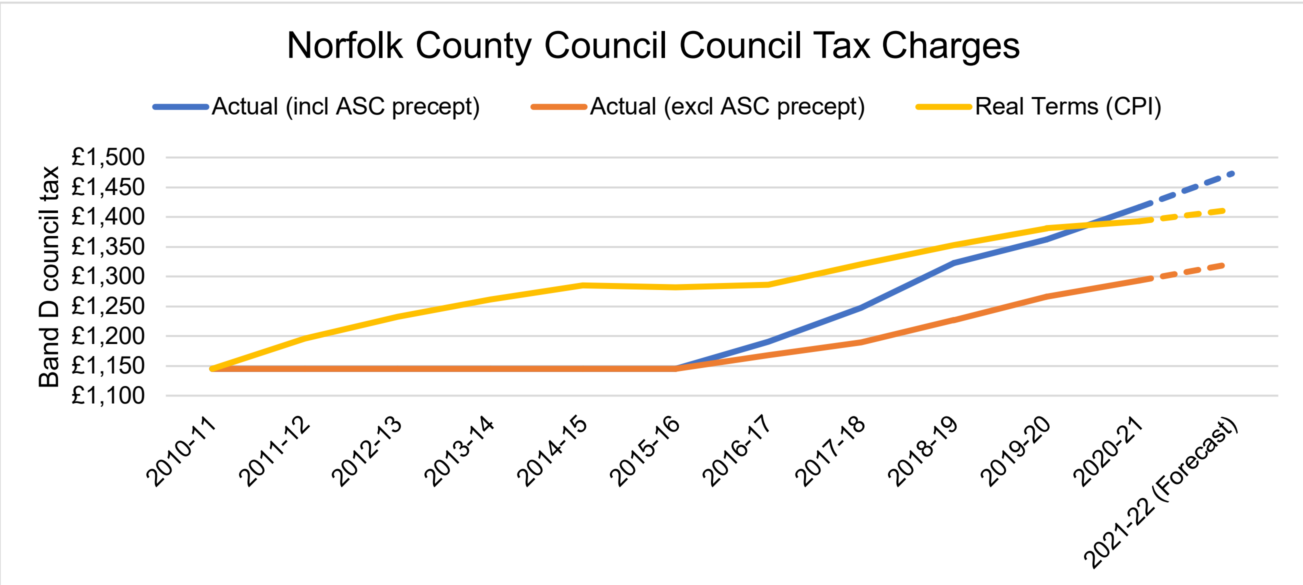
[20] Human Resources and Finance Programme Update, Agenda Item 9, Corporate Select Committee 25 January 2021

option for some or all of the precept to be deferred to 2022-23). This is usually finalised alongside the publication of the Final Local Government Finance Settlement.

7.2. As set out in the assumptions section above, the County Council's planning is based on an increase of 1.99% in general council tax and 2.00% on the Adult Social Care precept, with a further 1% Adult Social Care precept increase deferred to 2022-23. The increases in 2021-22, are forecast to raise approximately £8.470m and £8.497m respectively based on the latest tax base forecasts. This contributes to closing the 2021-22 budget gap and mitigating the gap in future years. An overall council tax increase of 3.99% therefore enables a substantially more robust budget for 2021-22 and the deferred 1% increase helps to reduce risks for the council over the Medium Term Financial Strategy period.

7.3. The increased referendum threshold level of 5% was set out at the provisional Settlement 2020 to enable local authorities to raise additional funds to support social care budgets. The chart below illustrates that with a 3.99% increase in 2021-22, Norfolk County Council's council tax is now slightly ahead of the level it would have been if CPI increases had been applied since 2010-11. However, excluding the effect of the Adult Social Care precept, general council tax remains substantially lower than it would otherwise have been. This is reflective of the Government's policy of encouraging councils to limit council tax increases in the period to 2015-16, prior to the more recent policy of assuming that local authorities will raise the maximum council tax available.

Chart 1: Actual council tax levels compared to CPI increases

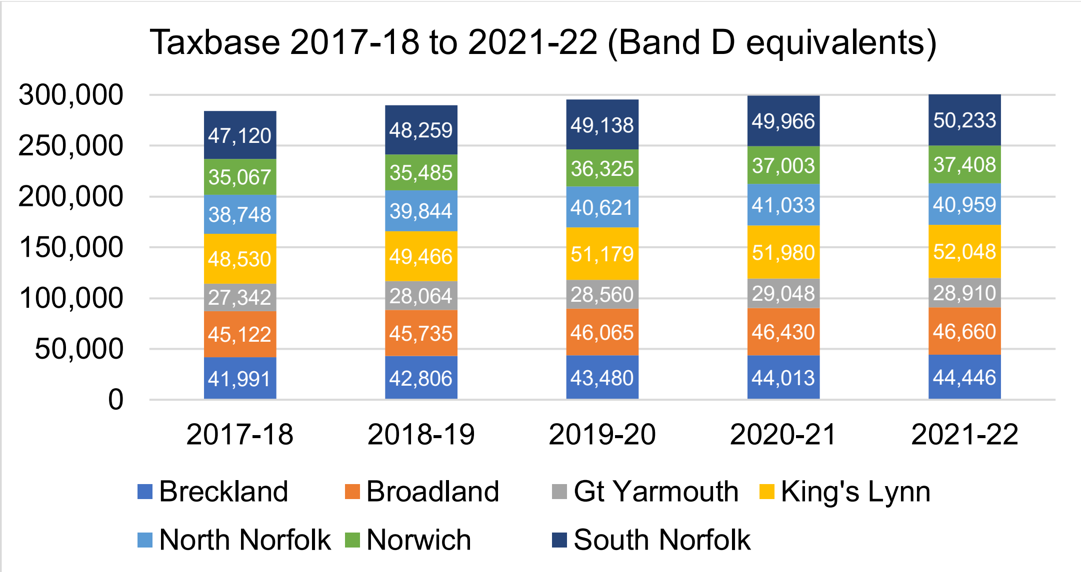


7.4. The Government will examine council tax increases and budget increases when final decisions have been made throughout the country. County Councils are required by regulations to declare their level of council tax precept by the end of February.

7.5. The council is required to state its council tax / precept as an amount for an average Band D property, together with information on the other valuation bands i.e. Bands A to H. Band D properties had a value in April 1991 of over £68,000 and up to £88,000.

7.6. To calculate the level of the County Council's council tax / precept, District Councils supply information on the number of properties in each of their areas. This information also includes estimated losses in council tax / precept collection and any deficits or surpluses on District Council collection funds. Over the past five years, Norfolk has experienced average growth in the tax base of 1.45%. However, the level of growth forecast for 2021-22 is significantly lower, at 0.4% reflecting the impacts of COVID-19. The chart below shows the change in tax base in each district since 2016-17.

Chart 2: Change in Norfolk Band D equivalent tax base 2017-18 to 2021-22 (forecast)



7.7. As has been previously reported to Members, the council has utilised the flexibility provided by Government in 2016-17 for authorities with Adult Social Care responsibilities to increase their council tax by 8% more than the core referendum principle over the period 2016-17 to 2019-20, on the basis that the additional precept raised is allocated to Adult Social Care. The Government then offered a further flexibility to increase the Adult Social Care precept by 2% in 2020-21, which the Council also opted to raise. In respect of 2021-22, Government has confirmed the option to raise the Adult Social Care precept by up to 3%, but with the possibility for some or all of this increase to be deferred (to 2022-23). This Budget report proposes that the Adult Social Care precept should be increased by 2% in 2021-22 with a further 1% increase deferred to 2022-23. This reflects both sensitivity to the cumulative impact of council tax increases, and the facts that in the view of the Section 151 officer:

- a robust budget can be proposed for 2021-22 based on a 2% Adult Social Care precept increase;
- it is however important to secure available increases in the Adult Social Care precept within the base budget to provide additional resources to meet Adult Social Care pressures. Deferring 1% of the Adult Social Care precept provides an opportunity to do this, and will enable demographic and other pressures within the Adult Social Care budget to be met in 2022-23;
- the Government generally assumes that councils will increase council tax at the referendum limit, make use of the flexibility to raise a social care precept where available, and will benefit from ongoing levels of council tax base growth. Failure to raise council tax in line with the Government's assumptions would lead to the Council experiencing a different change in spending power than the Government forecasts. In addition, a decision not to maximise locally available resources makes the council's position more difficult when calling for additional funding from Government.

7.8. Under the Local Government Finance Act 1992, the Section 151 Officer is required to provide confirmation to Government that the adult social care precept is used to fund Adult Social Care. This must be done within seven days of the Council setting its budget and council tax for 2021-22.

7.9. Details of the findings of public consultation on the level of council tax are set out in Appendix 5 to inform decisions about budget recommendations to County Council.

Implications of council tax proposals

7.10. Taking into account the findings of consultation set out elsewhere in this report, Cabinet is asked to consider and confirm, or otherwise, the assumption that the council's 2021-22 budget will include a general council tax increase of 1.99% and an Adult Social Care precept increase of 2.00%, plus a deferred increase of 1.00% in the Adult Social Care precept for 2022-23 as recommended by the Executive Director of Finance and Commercial Services (Section 151 Officer). This will need to be considered at the County Council meeting on 22 February 2021.

7.11. The Medium Term Financial Strategy assumes increases of general council tax of 1.99% from 2022-23 for planning purposes, but with no increases in the Adult Social Care precept assumed (beyond the deferred 1.00% in 2022-23). If the referendum threshold were increased in 2022-23 and subsequent years to above 1.99%, or any further discretion were offered to increase the Adult Social Care precept (or similar), then it is likely that the Section 151 Officer would recommend the council take advantage of this flexibility in view of the council's overall financial position.

7.12. The calculation of total payments of £439.094m due to be collected from District Councils in 2021-22 based on a council tax increase of 3.99%, together with the instalment dates and the council tax level for each valuation band A to H is set out below.

7.13. The council is also required to authorise the Executive Director of Finance and Commercial Services to transfer from the County Fund to the Salaries and General Accounts, all sums necessary in respect of revenue and capital expenditure provided in the 2021-22 budget in order that he can make payments, raise and repay loans, and invest funds.

Council Tax Precept 2021-22 (Council Tax increase 3.99%)

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

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

Table 16: Council tax precept 2021-22

	£m
2021-22 Council Tax Requirement	442.861
Plus:	
Estimated Deficit on District Council Collection Funds etc.	-3.767
Precept Charge on District Councils	**439.094**
Council Tax for an average Band "D" Property in 2021-22	£1,472.94
Council Tax for an average Band "B" Property in 2021-22	£1,145.62

Table 17: Total payments to be collected from District Councils in 2021-22

District Council	Tax Base	Collection Fund Surplus / (Deficit)	Precept	Total Payments Due
	(a)	(b)	(c)	(d)
		£	£	£
Breckland	44,446.30	-£328,908	£65,466,733	£65,137,825
Broadland	46,660.00	-£328,403	£68,727,380	£68,398,977
Great Yarmouth	28,910.00	-£708,851	£42,582,695	£41,873,844
King's Lynn and West Norfolk	52,048.00	-£2,326,081	£76,663,581	£74,337,501
North Norfolk	40,959.18	-£286,542	£60,330,415	£60,043,872
Norwich	37,408.00	£395,127	£55,099,740	£55,494,867
South Norfolk	50,233.00	-£183,023	£73,990,195	£73,807,172
Total	**300,664.48**	**-£3,766,681**	**442,860,739**	**439,094,058**

Council tax collection

7.16. The precept (column (c) above) for 2021-22 will be collected in 12 instalments from the District Council Collection Funds, as follows:

Table 18: 2021-22 Precept instalments

Payment	Date	%
1	30 April 2021	8%
2	19 May 2021	9%
3	21 June 2021	9%
4	19 July 2021	9%
5	19 August 2021	9%
6	20 September 2021	9%
7	19 October 2021	9%
8	22 November 2021	9%
9	20 December 2021	9%
10	19 January 2022	9%
11	21 February 2022	3%
12	21 March 2022	8%
		100%

7.17. Where a surplus on collection of 2020-21 council tax (column (b) above) has been estimated, the District Council concerned will pay to the County Council its proportion of the sum by ten equal instalments, as an addition to the May 2021 to February 2022 precept payments.

7.18. Where a deficit on collection of 2020-21 council tax (column (b) above) has been estimated, the District Council concerned will receive from the County Council its proportion of the sum by ten equal instalments, as a reduction to the May 2021 to February 2022 precept payments.

2021-22 Council tax bands

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

Table 19: Norfolk County Council 2021-22 council tax bands

Band	£
A	981.96
B	1,145.62
C	1,309.28
D	1,472.94
E	1,800.26
F	2,127.58
G	2,454.90
H	2,945.88

8. Government funding assumptions

8.1. The national response to the COVID-19 pandemic has had a major impact on Government planning timescales and the financial operating context, resulting in the cancellation of the Autumn Budget 2020 and an impact on the timeframe for the Spending Review 2020, which was reduced to cover one year only (2021-22). As a result of the timing of the Spending Review, the provisional Local Government Finance Settlement (originally expected early December) was not announced until 17 December 2020.

Spending Review 2020

8.2. The Chancellor of the Exchequer, Rishi Sunak, announced the outcome of the one year Spending Review 2020[21] on 25 November 2020 including departmental funding allocations for 2021-22. The Spending Review announcement was dominated by the response to the COVID-19 pandemic, but also set out details of the Government's plans to deliver "*stronger public services*." Nationally, the Spending Review provided £55bn to respond to COVID-19 in 2021-22 and represented a cash terms increase in departmental spending of £14.8bn for day to day budgets compared to 2020-21.

8.3. Details of the specific implications of the Spending Review for local government were subsequently set out in the provisional Local Government Finance Settlement.

Provisional Local Government Finance Settlement

8.4. The provisional Local Government Finance Settlement was announced via a Ministerial statement by the Secretary of State, Robert Jenrick, on 17 December 2020[22]. The provisional Settlement provided details of how Spending Review 2020[23] announcements will impact on specific funding streams including Revenue Support Grant and Rural Services Delivery Grant at an individual authority level for 2021-22. Alongside the provisional Settlement, the Ministry of Housing, Communities and Local Government (MHCLG) issued two consultations; the usual consultation on the provisional Settlement[24] itself, which closed 16 January 2021, and a consultation of the elements of the settlement related to COVID-19 response, which closed 14 January 2021.

8.5. The Council has responded to both consultations. The response to the provisional Settlement set out that:

- The Council appreciates the funding provided in the current financial year to address the extraordinary impacts of COVID-19, but that it is however a concern that the support for 2021-22 is materially lower than that provided for 2020-21, and this is something that Government will need to keep under review.
- The increase in ongoing core funding provided in the provisional Settlement, while welcome, is significantly lower than the uplift provided in the 2020-21 settlement and is not sufficient to keep pace with growth pressures across council services

[21] https://www.gov.uk/government/topical-events/spending-review-2020

[22] https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2021-to-2022

[23] https://www.gov.uk/government/publications/spending-review-2020-documents

[24] https://www.gov.uk/government/consultations/provisional-local-government-finance-settlement-2021-to-2022-consultation

such as ongoing demand and demographic pressures, and national and local policy decisions.

- After nearly a decade of reductions, the new funding falls far short of removing the need to continue to deliver significant savings to set a balanced budget and assumes substantial council tax increases simply to “stand still”.
- In this context there remains a vital need for Government to provide an adequate quantum of funding and long term certainty via the next Comprehensive Spending Review, as well as to finally deliver the Fair Funding Review to ensure that sufficient, sustainable resources are available to sustain essential local services into the future.

8.6. The provisional Settlement confirmed a number of the announcements set out in the Spending Review 2020. However, the Settlement did not provide any indication of funding beyond 2021-22. The key announcements in the provisional Settlement included:

- The Settlement assumes Core Spending Power (CSP) will increase nationally by 4.5% (£2.2bn). Government states this is a real terms increase in resources and represents the third settlement in a row to increase resources in real terms. **For Norfolk the quoted overall CSP increase is 5.3%**, however the majority (80%) of this is derived from MHCLG assumptions about increases in council tax (which includes an expectation of raising the full 5%).
- Council tax referendum thresholds proposed were as set out in the Spending Review as **2% for general council tax plus 3% for the Adult Social Care Precept**, with the option to defer an element to 2022-23;
- Confirmed 75% compensation for lost council tax and business rates will be available (the tax income guarantee scheme) although precise details remain to be confirmed.
- A new Local Council Tax Support (LCTS) grant of £670m nationally, to support councils directly (rather than a continuation of the 2020-21 Hardship Fund)[25]. The new scheme is intended to compensate all authorities for lost income due to the expected higher cost of LCTS in 2021-22 and will be provided to billing and precepting authorities. The Secretary of State commented that this was “outside the settlement.” Allocations remain to be confirmed, but the council’s **indicative allocation is £7.512m**. The Government proposes to distribute the funding “on the basis of each billing authority’s share of the England level working-age local council tax support caseload, adjusted to reflect the average bill per dwelling in the area.”;
- The council’s share of the new un-ringfenced £1.55bn COVID Grant for 2021-22 has been confirmed as **£18.829m**;
- The core **settlement for 2021-22 is overall broadly neutral** compared to 2020-21, and current planning assumptions, including:
  - Increase in Revenue Support Grant of £0.218m;
  - Reduction in New Homes Bonus of £0.665m, with further reductions in 2022-23;
  - Increase in Rural Services Delivery Grant (from £81m to £85m nationally) equating to an additional £0.197m for the council;

[25] The Local Council Tax Support (LCTS) grant is being provided to billing and precepting authorities in 2021-22 in proportion to council tax shares to compensate for lost council tax income expected to arise from increased numbers of LCTS claimants. The cost of LCTS support is borne in proportion to their share of council tax by the billing (District) and precepting authorities (County / Police) through changes in the tax base. Council tax funds the provision of all county council services and the grant is being used (as Government intends) to supplement lost income and therefore support the delivery of these services in 2021-22. There is no requirement for the grant to be transferred between tiers.

    - Existing social care grants being continued as previously announced.
    - The council's share of the new (additional) £300m social care grant for 2021-22 has been confirmed as **£5.587m**; and
    - No change to improved Better Care Fund (iBCF) allocations.
- The Secretary of State confirmed an allocation of £165m to continue the Troubled Families programme. Since the Settlement announcement, funding for the Adoption Support Fund has also been confirmed for 2021-22.
- There was no announcement about the level of Public Health grant for 2021-22.
- Nationally, the Settlement also includes:
    - £2.2bn investment in School building programme.
    - £1.7bn for road maintenance and potholes.
- As part of the provisional Settlement announcement, the Secretary of State confirmed the Government's intention to move forward with the Fair Funding Review and the implementation of 75% Business Rates Retention, to provide longer term certainty "when there is a clearer path ahead." Subsequent announcements indicate that this is unlikely to be in place for 2022-23. The Secretary of State also confirmed the desire to provide a new multi-year settlement next year, subject to decisions by the Chancellor in 2021-22.

8.7. Other announcements included:

- £111m nationally for "lower tier services grant."
- £125m funding was announced for new duties under the Domestic Abuse Bill.
- Funding for Rough Sleepers, amounting to £750m in total next year, highlighted as a 60% increase on the previous spending review.
- £15m nationally to implement the findings of the Redmond review (to support the ongoing sustainability of the local audit market).

8.8. The provisional Settlement will be confirmed in the final Settlement, which is expected to be announced around the end of January 2021. A number of separate grants and funding announcements (including for example, final allocations of Public Health grant) remain to be confirmed. Further announcements about actual funding levels for 2021-22 could have a material impact on the council's overall budget planning position, and may need to be reflected in the final Budget papers presented to Cabinet and Full Council in February 2021.

9. 2021-22 Business Rate pooling

9.1. Since 2013-14 Norfolk County Council has participated in a Business Rate Pool (Pilot in 2019-20) with other Norfolk Local Authorities. There is considerably higher risk and uncertainty attached to pooling in 2021-22 as a result of the significant and widespread impact of the COVID-19 pandemic on business rates.

9.2. Taking into account the level of risk, and the lack of clarity offered by Government in relation to the continuation (or otherwise) of exceptional retail, hospitality and other reliefs in 2020-21, Norfolk Leaders agreed at their meeting of 8 January 2021 to withdraw from pooling in 2021-22. The opportunity for pooling is to be reviewed for 2022-23.

9.3. Cabinet are asked to note the position and the decision of the Pool Board in respect of the 2021-22 Pool.

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

Adult Social Services

Financial Strategy

10.1. At a time of such uncertainty, the service remains committed to our clear vision – to support people to be independent, resilient and well. Our strategy to achieve this is Promoting Independence – which is shaped by the Care Act with its call to action across public services to prevent, reduce and delay the demand for social care. However, the immediate need to ensure people are safeguarded and to plan and respond to the pandemic continue to be a priority and will remain so into the new financial year. Our budget plans therefore recognise the on-going need to utilise one-off government funding as part of the Covid-19 response and the risks set out in this paper highlight the requirement to continue to closely monitor this need and, in particular, continuing costs.

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

10.3. As well as improving outcomes for people, this approach has helped the service to deliver the significant financial savings needed to continue to meet the increasing demands for social care across Norfolk. Within the overall strategy for Promoting Independence our financial strategy for achieving savings and financial sustainability is focussed on:

- Investing in early intervention and targeted prevention to keep people independent for longer
- Investing in excellent social work which helps people regain and retain independence, and reduces, prevents and delays the need for formal social care
- Commissioning services which enable and re-able people so they achieve and maintain as much independence as they can and reducing the amount of formal social care they need
- Reducing the proportion of people who are placed in permanent residential and nursing care; including focusing on wider housing options alongside care, for older and younger adults
- Leading and developing the market for social care so that it is stable and sustainable and aligns with the ambitions of promoting independence.
- Working with health partners to reduce system demand and improve outcomes, including focusing on areas of intermediate and shared care that can support improved discharge and avoidance of hospital admission.
- Increasing the use of technology to enable more people to live independently for longer

- Strengthening the contract management of our commissioned contracts and pursuing efficiencies in all areas of our work.

10.4. We are proud of how Norfolk's care market has responded to the recent challenges we have all faced. During the last year we have worked closely with the care market, and its care association, to ensure a consistency of safe and quality provision of care. As we look towards 2021-22, it remains one of our key priorities to support the sustainability of Norfolk's care market, including helping the market to respond to the changes to demand that the pandemic has created and helping to ensure that care workers are properly rewarded for the work they do.

10.5. To give us the best possible chance of delivering our ambitions we continue to develop our Promoting Independence programme. Our change programme provides us with the internal infrastructure to realign our resources to enhance the quality and value for money of the services we provide and this has also supported the service to deliver priority and recovery actions during the Covid-19 pandemic when many of the planned savings could not be implemented.

10.6. As well as improving outcomes for people, our approach to service delivery has helped the department to deliver the significant financial savings needed to continue to meet the increasing demands for social care across Norfolk. In order to truly provide the strong foundation Adult Social Care needs to thrive, we strongly believe that there is an imperative for Central Government to deliver meaningful reform of the social care funding system, which needs to work alongside the development of a long term plan for Adult Social Care.

10.7. Alongside our existing programme of work, our new savings proposals for 2021-24 seek to utilise our financial strategy and can be grouped into five main themes:

- **Independence and enabling housing**
  Adult Social Services is already working to develop more alternative types of accommodation to give people other choices and more independence. The budget proposals extend this, particularly for younger adults, through use of existing accommodation, collaboration with health partners, and putting in place strategic funding arrangements for developing alternative accommodation.

- **Revising the short term out of hospital offer**
  Adult social services has historically played a significant role in funding and delivering out of hospital care. New Discharge to Assess guidance, post-COVID, highlights the importance of this for the health and social care system as a whole. We want to review what our offer is – as part of a health and social care intermediate care offer. This will allow us to focus more resources on home first services, including greater therapy input, and moving away from reliance on short-term beds.

- **Our commissioned models of care**
  The majority of our spend is through purchase of care with external providers and we will continue to seek savings from some commissioned services, particularly maximising block contracts and re-shaping those which are no longer value for money. Part of this will include looking at the cost of care, given the significant changes in the market as a result of COVID.

- **Self-direction, prevention and early help**
  Our prevention and early help approach has enabled us to achieve significant savings in demand, by preventing, reducing and delaying the need for formal care. We will look to consolidate initiatives, strengthening those which are effective and ceasing some activities if there is duplication.

- **Digital efficiency, value for money**
  We are already delivering significant savings through exploiting digital technology, but we believe we can go further to embrace technology across the service. This means we not only fully consider its application within our day to day work, but also challenge ourselves to seek innovation. We believe with the right support, we can live in a digitally enabled society that can thrive by unlocking its potential. Our Adult Social Care Technology Programme (ASTEC) allows us to give focus to this key area of development and budget proposals extend the work undertaken so far, taking up new opportunities to improve productivity and drive out costs.

Risks

10.8. The pandemic has had a significant impact on adult social care and this will continue to be the case into the new financial year. Corporate budget plans reflect the high degree of unknown costs and income for 2021-22, in particular in relation to adult social care. The following section provides some more detail about the specific risks for this financial period.

Since March 2020 the funding arrangements for supporting people post hospital discharge and for avoiding hospital admission temporarily changed. During 2020-21 new government guidance has meant that the council supported both health and social care placements for a period of time, with additional costs reclaimed from the NHS. Further announcements are awaited regarding any continuation of hospital discharge arrangements and funding beyond March 2021, but at present funding is expected to cease. However, due to the current wave and escalation of cases, it is not expected that all social care cases will have been reinstated by this deadline, which will create an immediate financial pressure for the Council. In addition, the Council has seen a significant shift in prices as well as retaining higher volumes than budgeted for, due to a mix of higher demand, escalation of social care needs for some vulnerable adults and being unable to reduce demand through the planned savings programme. The full extent of this financial risk will be clearer in the next three months, but it is expected to create a financial pressure and call on the Council's covid grant for 2021-22.

10.9. The recommended fee uplift for care provision was agreed at January Cabinet. This took account of the latest information on the National Living Wage and inflation. It did not take account of temporary costs for providers related to the pandemic. It is proposed that these costs are managed separately, including through additional government support such as the infection control fund that was provided in 2020-21. Further announcements are awaited regarding similar support for 2021-22 and cessation of support could create a financial risk to the Council. Further work will continue during 2021-22 to understand the underlying and ongoing cost implications for the provision of care across the care sector.

10.10. The price of new care packages has increased during the pandemic, through a mix of drivers – capacity, acuity of care, funding routes and the temporary loss of the usual self funder market affecting normal business models. As the impact of the pandemic subsides, prices should stabilise, but there is a risk of medium to longer term financial impact.

10.11. There is a risk that the Adults Business Risk Reserve may also be required to fund new pressures in 2021-22 linked to the non-delivery of savings, deprivation of liberty safeguards (DOLS) and any further impact following the expected ruling of the Supreme Court on sleep in shifts, in the event that they arise during the year. Where these reflect ongoing costs, they will potentially give rise to further significant budget pressures from 2021-22 onwards. The level of pressure linked to DOLS is estimated to be £2m for a full year, however the timing of any pressures and whether these would attract funding from Government is currently unclear.

10.12. COVID-19 has caused a seismic and immediate refocus of services, process and planning. The financial consequences of this continue to emerge, but it is having a material impact on the ability to deliver our transformation and therefore the full level of planned savings in both 2020-21 and 2021-22. Currently, advice remains to avoid all but emergency visits to care homes and public health advice to avoid transferring people, both mean that much of the previously successful demand management work as part of the Promoting Independence strategy has temporarily stopped. As a result, alongside the longer-term delivery of Promoting Independence, the immediate priority and context for Adult Social Services' financial planning in 2021-22 is the post-pandemic recovery – with services facing unprecedented challenges and continued uncertainty – particularly relating to demand, funding and the wider market. The savings set out are deliverable as part of the overall strategy for the service, however, there is risk to delivery if covid restrictions continue.

Table 20: Detailed budget change forecast Adult Social Services 2021-25

Adult Social Services					
		Final Budget change forecast 2021-25			
Reference		2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
	OPENING BUDGET	**255.740**	**252.550**	**277.631**	**301.314**
	ADDITIONAL COSTS				
	Economic / Inflationary				
	Basic Inflation - Pay (0% for 21-22, 3% 22-23 to 24-25)	0.584	1.970	1.944	2.002
	Basic Inflation - Prices	6.867	6.241	6.312	6.438
	Legislative Requirements				
	Pay and Price Market Pressures	7.092	6.495	6.728	7.010
	Minimum income guarantee (JR)	0.600	0.000	0.000	0.000
	Demand / Demographic				
	Demographic growth	6.100	6.100	6.100	6.100
	Leap year pressure in Adult Social Care	0.000	0.000	0.600	-0.600
	NCC Policy				
	Recurrent pressures arising from 2019-20 service delivery	5.472	0.000	0.000	0.000
	Recurrent pressures arising from 2020-21 service delivery	3.674	-3.674	0.000	0.000
	One off use of Adults reserves to address recurrent 2020-21 pressures	-3.674	3.674	0.000	0.000
	One off use of Adults reserves to address recurrent pressures	1.221	0.000	0.000	0.000
	iBCF - 2022-23 Other spend adjustment	-1.760	0.000	0.000	0.000
	iBCF - 2021-24 Other spend adjustment	1.815	-1.815	0.000	0.000
	iBCF - 2021-24 Reserve usage adjustment	-1.815	1.815	0.000	0.000
	iBCF - 2022-23 Reserve usage Adjustment	1.760	0.000	0.000	0.000
	Living Well Homes for Norfolk Invest to save	-0.140	0.000	0.000	0.000
	Living Well 3 Conversations Invest to save	-0.242	0.000	0.000	0.000
	ASS - Adult Social Care – other revenue cost pressures including engagement	0.261	0.000	0.000	0.000
	Use of ASC Business Risk Reserve - towards invest to save	0.382	0.000	0.000	0.000
		28.197	**20.806**	**21.683**	**20.950**
	SAVINGS				
ASC035	Investment and development of Assistive Technology approaches	-0.700	0.000	0.000	0.000
ASC036	Maximising potential through digital solutions	-2.000	0.000	0.000	0.000
ASC037	Strengthened contract management function	-0.200	0.000	0.000	0.000
ASC038	Procurement of current capacity through NorseCare at market value	1.000	0.000	0.000	0.000
ASC044	Extra care housing programme	-0.200	0.000	0.000	0.000

Adult Social Services					
		Final Budget change forecast 2021-25			
Reference		2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
ASC046	Revise the NCC charging policy for working age adults to apply the government's minimum income guarantee amounts	3.000	0.000	0.000	0.000
ASC049	Shift to community and preventative work within health and social care system – demand and risk stratification	-1.000	0.000	0.000	0.000
ASS001	Expanding home based reablement, which saves money in the long term by preventing unnecessary hospital admissions and supporting more people to swiftly return home from hospital.	-1.250	0.000	0.000	0.000
ASS003	Extending home based support for people with higher level needs or dementia so that they can remain in their home especially after an illness or hospital stay, which saves money on residential care.	-0.150	0.000	0.000	0.000
ASS007	Reviewing how we commission residential care services to save money by making sure we have the right services in the right place.	-0.234	0.000	0.000	0.000
ASS008	Developing consistent contracts and prices for nursing care by working more closely with health services.	-0.110	0.000	0.000	0.000
ASS009	Debt management (one-off) - reclaiming money owed by other organisations.	0.500	0.000	0.000	0.000
ASS013	Supporting more people to move into independent housing, reducing the reliance on residential care.	-0.500	0.000	0.000	0.000
ASS014	Strategic approach with health partners to manage joint funding of packages to support better use of resources across the health and social care system.	-1.000	0.000	0.000	0.000
ASS015	Revising the short term out of hospital offer - We want to review what our offer is – as part of a health and social care intermediate care offer. This will allow us to focus more resources on home first services, including greater therapy input, and moving away from a reliance on short-term beds.	-3.670	2.000	2.000	0.000
ASS016	Efficiency targets for some core contracts and ensuring that we maximise the usage of block contracts.	-0.500	0.000	0.000	0.000
ASS017	Introduce more individual service funds as an alternative to commissioned care for some people, to give them more control and choice over their care - This gives people the opportunity to choose a provider and work with that provider to arrange services and support. Similar to a direct payment, but the individual does not have to manage the money as the provider does it for them.	-0.069	-0.200	0.000	0.000
ASS018	Working with our partners to reshape and refocus our approach to supporting people upon their initial contact with Adult Social Care.	-0.500	0.000	0.000	0.000
ASS019	Reducing the amount we have set aside to cover potential bad debts. (One-off benefit).	-1.000	1.000	0.000	0.000

Adult Social Services					
		Final Budget change forecast 2021-25			
Reference		2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
ASS020	Releasing amounts previously carried forward in one-off reserves. (One-off benefit).	-0.475	0.475	0.000	0.000
ASS021	Digital business transformation and staffing efficiencies across Adult Social Care, embedding efficiencies from smarter working.	-0.800	0.000	0.000	0.000
ASS022	Capitalisation of Assistive Technology Equipment - the use of capital funding as an alternative to revenue funding for our Assistive Technology equipment purchases.	-0.500	0.000	0.000	0.000
ASS023	Capitalisation of Adult Social Care Transformation programmes - the use of capital receipts as permitted by Government to fund transformational activity which will deliver future savings.	-1.000	0.000	0.000	0.000
ASS024	Contract renegotiation - Ensuring the requirements of commissioners are reflected in the Norsecare contract.	-2.000	-1.000	0.000	0.000
ASS025	Working with NORCA (Norfolk Care Association) to develop a targeted approach to the annual price uplift for 2021-22 recognising the overall local authority budget pressure.	-2.500	0.000	0.000	0.000
ASS026	BC3 - Use of Business Risk Reserve (one-off)	-2.000	2.000	0.000	0.000
		-17.858	**4.275**	**2.000**	**0.000**
	BASE ADJUSTMENTS				
	New 2021-22 Social Care Grant - Spending Review 2020 - Adults	-5.587	0.000	0.000	0.000
	Adults grant assumption changes (2020-21 allocations for Local Reform and Community Voices, Social Care in Prisons, and War Pensions Disregard Grant)	0.005	0.000	0.000	0.000
		-5.581	**0.000**	**0.000**	**0.000**
	COST NEUTRAL ADJUSTMENTS				
	Depreciation transfer	-0.001	0.000	0.000	0.000
	REFCUS	-8.000	0.000	0.000	0.000
	Norse fuel rebate budget from FG	0.052	0.000	0.000	0.000
		-7.948	**0.000**	**0.000**	**0.000**
	NET BUDGET	**252.550**	**277.631**	**301.314**	**322.264**

Children's Services

Financial Strategy

10.13. Despite the ongoing and considerable uncertainty faced, the core strategy and transformation approach remain unchanged and Children's Services continues to project benefits from existing schemes and new schemes in the same strategic areas. Specifically, these are:

1. Inclusion
2. Prevention and Early Intervention
3. Quality of Practice
4. Edge of Care and Alternatives to Care
5. Re-shaping the care and specialist support market

10.14. The proposed budget for Children's Services for 2021-22 has been developed in line with these existing themes and represent some continuation of existing programmes as well as some major new elements, such as the "New Roads" (previously known as "No Wrong Door" model), which is intended to achieve good and improving outcomes at lower long-term cost for the children with the most complex need. We are continuing with this core strategy because it is working.

10.15. At the time of preparing this report, the Council has approximately 180 fewer children looked after (excluding unaccompanied asylum seeking children whose needs are met through specific government funding) than at the peak in January 2019. On average it costs approximately £50k per annum for a child looked after placement, and so our success in keeping families together and reducing numbers in care will have delivered avoided cost pressure and savings of approximately £9m per annum delivered through the core strategy and transformation approach. The new proposals will build upon this success. However, whilst numbers of children in care have decreased, the average unit cost of placements has risen and, in particular, the very high costs for the children and young people with the most complex needs have partially offset the financial gains. As such, we are bringing forward a number of schemes including the "New Roads" model with a specific focus on meeting those high needs differently and at lower cost.

10.16. The core strategy and transformation approach is an ongoing programme of work for the department with work ongoing to enable the identification of further new initiatives that could deliver substantial transformation.

10.17. These areas are now supported by a major focus on modernisation, efficiency and opportunities to work differently which will be enabled by technology and the cultural shift that is being accelerated by COVID-19. These include:

- Efficient Processes
- Reduced Travel
- Using Buildings Differently
- Exploiting Technology

10.18. The department has sought to identify areas for efficiency but will require significant support to deliver, for example to drive out the benefits of technology, to enable teams to operate with reduced reliance on buildings, to progress the staff skills agenda. The department is committing to delivering fairly substantial savings targets in these areas, over and above those to be delivered through the major transformation programme.

10.19. The department is undertaking a close internal review of staffing – especially in support and 'back office' teams. This review has looked through a number of lenses such as whether we can automate processes, identify any areas of duplication and how we can build on the recent move to remote and flexible working to drive out cost savings – for instance from reduced travel cost claims. This work continues in preparation for the 2021-22 financial year with the focus upon achieving efficiency without compromising quality and effectiveness of service. However, there remains a risk that the quality and quantity of service that can be provided will reduce to enable the required savings to be delivered in the context of the Council's very challenging financial circumstances.

Specific Funding

10.20. The Government previously announced on 5 January 2020 that they were continuing the £165m funding for 2020-21 to continue the Troubled Families programme for an additional year (originally set to run for 5 years from 2015 to 2020). The funding is made up of various elements including a payment by results amount that is driven by the number of families supported in the programme. Delivery of these results is through social care staff embedded in the social care operating model as part of their core offer. It was announced as part of the provisional settlement in December 2020 that the £165m funding will be extended for another additional year, 2021-22. However, no specific details of Norfolk's funding have yet been provided, leaving a risk that actual funding received is insufficient to meet existing commitments.

10.21. It had previously been announced that the Adoption Fund would end at the end of 2020-21, and the risk of the loss of funding had been raised in previous reports in the 2021-22 Budget Planning process. In December 2020, it was announced that the Adoption Fund would continue for another year, alleviating immediate concerns.

COVID-19 Impact and Context

10.22. COVID-19 has had a significant impact on Children's Services. Initially, demand for core statutory services fell by around 40-50%, although this returned to normal levels once schools fully returned, seeing a slight dip again at the start of the third lockdown.

10.23. The department planned for a significant spike in demand in the autumn following the return of schools, in line with many other authorities. This spike has not been seen in social work demand yet, but a surge in demand has been seen at the earlier end of intervention with a persistent increase in demand for Family Support, which has placed those teams under significant pressure. Whilst it cannot be certain that this demand will progress to increasing social work demand (statutory services), this is a possibility and is being planned for; in turn this may translate into higher demand for more costly interventions and increasing numbers of children looked after. However, it should be noted that the situation remains highly uncertain, and the current third lockdown may only add to this.

10.24. There have been delays to the Transformation Programme, particularly early in the pandemic, that have had a knock-on effect to the savings that have been delivered in 2020-21 and this, in turn, has had an impact upon the Medium Term Financial Strategy for the department with a delay of £4m of savings previously committed for 2021-22 slipping into 2022-23. However, the department is still committed to delivering all of these savings, and the new proposals more than compensate for the 2021-22 delays.

10.25. During the 2020-21 financial year, there has been a steady reduction in the number of children in care, albeit with average unit costs rising, and some additional costs have been incurred in managing the disrupted care market. At the time of preparation, there has been a reduction of c. £1m full year's equivalent cost of care for the current cohort when compared to those in care at the start of the financial year. This reflects the impact of the significant progress that has been made over the initial years of the Transformation Programme, alongside the continued delivery of transformation despite the ongoing pandemic.

10.26. In a best-case scenario, the number of children in care will continue to fall in line with the recent trend – however, it is quite possible that there is, at least, a temporary rise aligned, but subsequent, to the surge in demand if this progresses from Family Support through to Social Work. Some authorities are projecting a significant rise over an extended period and so this will need to be closely monitored and an additional financial pressure could emerge as 2021-22 progresses.

10.27. Due to the timing of the outbreak of the pandemic, COVID-19 has resulted in a significant delay to the introduction and embedding of the new social care operating model. Some elements had to be put on hold with the focus turned to meeting the immediate needs arising from the pandemic and ensuring resilience of service, utilising all available staff. The implementation of the new operating model recommenced alongside the re-starting of the whole transformation programme. The impact of the delay has been mitigated where possible but did lead to a one-off under-spend on staffing in 2020-21 due to delays in recruiting to the new posts. These posts are now recruited to and the impact of the revised service is being seen.

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

10.29. As a result of COVID-19, the expectations upon the Council with respect to its leadership role within the whole education sector in Norfolk has significantly changed. This has led to staff being redeployed to support the significantly increased workload, many of whom previously provided traded services and / or support to improve achievement and increased inclusion in schools. Therefore, there has been major disruption to the normal work of Learning and Inclusion staff, including the traded services model with schools, for which there is a review underway. It is still not clear what the Government's expectations are of local authorities with respect to support and leadership to the education sector in the medium-to-long-term, and whether these will be deliverable within the current funding envelope available. This will remain a 'watching brief'.

10.30. As with any disruption, as well as challenges, there are also opportunities. The service has looked to identify these, and the leadership continues to consider how these opportunities can be built upon to develop improved services and improved working relationships for the future:

- The relationship with the school system, in particular, has been strengthened, creating an opportunity to wrap support around in a preventative way;
- Greater family resilience is being evidenced and family networking is thriving in the current context, and this is an area to build on;
- Increasing responsiveness to meet families' needs at times better for them and professional assessment purposes rather than being constrained by office opening hours;
- The potential to unlock the capacity and budgets normally tied up at the higher tiers;
- Significant opportunity to strengthen recruitment and retention through greater flexible working and opportunity to increase workforce stability;
- In the mental health arena, the crisis has accelerated the move away from the previous clinic-based model;
- Volunteers have come forward in much greater numbers than previously;
- Virtual working is unlocking creative practice and improved relationship and engagement with families and young people that could be included in the overall offer as a "new normal" is established;
- Potential to move 'upstream' together and have more and better 'early help' across cohorts; and
- Partnership working has deepened and accelerated.

Savings proposals 2021-22

10.31. The impact of COVID-19 is projected to cause delays to the delivery of existing saving plans which will have an impact on 2021-22 plans brought forward of £2.4m, meaning the service is currently planning to make up for any potential shortfall on previously planned savings as well as delivering against new targets.

10.32. Alongside our existing programme of work, our new savings proposals for 2021-24 seek to continue to utilise our core financial strategy, expanding upon key themes identified for the 2020-23 Medium Term Financial Strategy:

- **Prevention, early intervention and effective social care**
  Investing in an enhanced operating model which supports families to stay together and ensures fewer children need to come into care.
  For 2021-22, the additional saving reflects anticipated reduced Family Court costs - as we aim for fewer children to be looked after as a result of changes to how we work, we anticipate a reduction in legal advice and associated fees.

- **Alternatives to care**
  Investing in a range of new services which offer alternatives to care using enhanced therapeutic and care alternatives, combined with a focus on support networks from extended families keeping families safely together where possible and averting family crises.
  The expanded savings programme from 2021-22 onwards relates to the conversion of two in-house residential homes to create spaces to provide services for children and young people that offer alternatives to long-term care. "New Roads" will be delivered in partnership with North Yorkshire County Council, based on their successful No Wrong Door model with financial support provided by the Department for Education.

- **Transforming the care market and creating the capacity that we need**
  Creating and commissioning new care models for children in care – achieving better outcomes and lower costs.
  Continuation of the transformation of the care market to keep children and young people who require placements close to home and based in Norfolk wherever possible and appropriate to do so. This includes the introduction of in-county solo/dual placements for young people with complex needs resulting in the reduction of expensive out of county placements and more effective use of our residential estate. Additionally, we will embed the transformation of cost-effective support arrangements and placements for unaccompanied asylum seekers, reducing reliance on external providers through in-house provision of young parent and baby semi-independent accommodation, and ensuring cost-effective practice for special guardianship orders.

- **Inclusion (Home to School Transport)**
  Through finding school places closer to home for children and young people with Special Educational Needs and Alternative Provision requirements, we will reduce the home to school transport costs associated with long journeys

10.33. In addition, based upon our core financial strategy, we also have a major focus on modernisation, efficiency and capturing the financial benefits of smarter working opportunities:

- **Smarter Working**
  Efficiencies through increased use of automation and robotics, continued modernisation through shift to different ways of working (accelerated by COVID-19 and enabled through use of IT), departmental review of posts to ensure no duplication of activity, and promotion of flexible working arrangements advantageous to employees and the department.

- **Rationalisation and relocation of office accommodation**
  It is proposed that office accommodation needs of the department are reviewed in light of smarter working (accelerated by the COVID-19 pandemic and enabled through use of IT) with the view to rationalising accommodation whilst still meeting ongoing service needs.

10.34. In total, the new savings proposals combined with existing savings within the Medium Term Financial Strategy will result in Children's Services delivering £11.3m of revenue savings in 2021-22.

Risks

10.35. It remains unclear precisely what the medium- and longer-term financial impacts will be of the covid-19 pandemic. What is clear is that some very significant financial risks associated with the pandemic exist in terms of the long-term design of some services, in relation to joint working, public expectations, levels of demand, and the underlying cost base.

10.36. The level of pressures included in the Children's Services budget for future years is substantially lower than has been provided for in 2020-21. Risks within Children's Services include the potential for additional cost pressures linked to surges in demand, particularly in relation to looked after children. In addition, there is a risk that the wider operating environment has shifted, which may put pressure on assumptions about trading with schools.

10.37. Some specific risks that should be noted are:

- **Surges in demand leading to additional cost pressures**
  Demand surges, either due to delayed demand from 2020-21 or increased need following the impact of the pandemic, could be seen in 2021-22 and beyond. It could take time for this demand to materialise, but initial increases are evident in demand for Family Support services who are under significant pressure already. This appears to be due to a new cohort of children and families who are using these services due to a combination of increased strains on families and a reduction in the availability of universal support networks as a result of the pandemic. Such demand could lead to increasing requirement for staffing resource on a medium-to-longer-term basis, such as additional Family Support services and / or investment in tier 2, and / or additional placement and support costs, to ensure that the right outcomes for children and families are achieved;

- **Impact upon the transformation programme of the ongoing pandemic response**
  The need for key officers and the service to focus on significant time and resource to the changing and ongoing pandemic response could exacerbate delays that have already been seen during 2021-22;

- **Pandemic economic and societal impact leading to staffing instability**
  The pandemic has resulted in many individuals reflecting upon their lives and considering changing roles or careers who previously had not been anticipating this, whilst others may have put on hold such plans. There have always been challenges filling some roles and the longer the current conditions exist, there is a risk that these challenges are exacerbated. Conversely, as the pandemic ends and restrictions lift, there is a risk of quick and significant changes in the workforce that could risk staffing stability and recruitment and retention work from the previous years;

- **Provider market instability leading to key provider failure**
  The economic conditions of the pandemic have left many businesses with financial pressures, despite ongoing contracts and access, where applicable, to government support. Whilst Children's services will always bear the risk of the failure of a significant provider, this risk has increased in the current climate. The implications could be increased, unforeseen costs and / or diversion of key resources to ensure continuity of provision;

- **Impact of current economic and societal conditions on the VCSE sector**
  A significant portion of Children's Services commissioned provision is through the VCSE sector, with the sector also providing a significant proportion of universal services. Many VCSE organisations, whose financial positions may well have been fragile prior to the pandemic, have been negatively affected by their reduced ability to fundraise as a result of the pandemic combined with increased demand for services. Financial failure of these organisations could lead to increased costs to Children's Services either through additional funding required to maintain provision or through having to fund alternatives;

- **Demand for SEND home to school transport**
  Recent increases in demand for SEND home to school transport provision has mirrored increasing demand for special school and specialist resource base

provision. Additional resources are allocated in this budget to reflect this situation, but there remains a risk that demand will exceed the financial resources available;

- **Longevity of the pandemic leading to excessive strain on families caring for a child with significant additional needs and / or disabilities**
  The majority of families have found the pandemic causing strain upon their relationships and ability to cope with the stresses of life, and families who are caring for a child with significant additional needs and / or disabilities are likely to have seen this effect magnified given the reduced services available to support them with their caring roles, such as short-breaks provision, periods of reduced schooling, and friends and family networks of support. Many families have had the resilience to cope during the early stages of the pandemic, but as the disruption continues over a longer period of time, there is the increased risk of family break-down and, subsequently, increased demand for services;

- **Shift in the wider operating environment, particularly in relation to schools and the role of local authorities**
  There is a risk that the wider operating environment has substantially and irreversibly shifted as a result of the expectations upon local authorities by central government in terms of supporting the whole school sector (academy and independent schools, as well as locally maintained schools). This support has been welcomed by schools and met through refocusing staff from less critical, but important, work, staff going above and beyond in a way that is unsustainable in the medium-to-longer-term, and through some additional covid monies to fund additional resource. If these additional expectations continue post pandemic, then there will be an increased pressure on funding for staffing resources to be able to deliver this level of support, and it may impact upon our ability to trade successfully in some areas, where the net income contributes to supporting our core Learning and Inclusion infrastructure;

- **Insufficient DfE funding for the New Roads programme**
  A risk has been identified relating to the council's funding from the Department for Education (DfE) in relation to the national Strengthening Families and Protecting Children programme and, specifically, the "No Wrong Door" model, now known as "New Roads" in Norfolk, which combines residential care and foster care in specialist hubs. As a result of the bid, the council will fund the capital costs of establishing the hub buildings and contribute the revenue funding equivalent to running two existing residential children's homes, while the DfE will provide the majority of the revenue funding to "pump prime" and operate two hubs for two years with a minimum amount of £4.6m. When the full costing of the model has been completed, in line with the approved model from North Yorkshire and the DfE, the total costs of required revenue investment from the DfE exceeds the funding available, which is the case for other authorities participating in the SFPC programme. The cashflow of the DfE funding means that sufficient funding will be received for the first two years of the programme, but there may be insufficient funds in the third (final) year, 2023-24. The DfE have advised that they will look to identify additional funding for the SFPC programme as time progresses, but there are no guarantees. In mitigation, the programme is expected to deliver substantial savings for Norfolk and if savings exceed anticipated levels by the third year then this will offset the potential reduced funding. Norfolk have been advised that they cannot amend the model to reduce costs;

- **The level of pressures included in the Children's Services budget for future years is substantially lower than has been provided for in 2020-21**

The Council invested heavily in Children's Services over recent year and, whilst the budget includes growth monies that are designed to reflect anticipated demographic pressures, there is a risk that the pandemic has skewed demand in 2020-21 that could have resulted in true demographic pressures having been underestimated.

Table 21: Detailed budget change forecast Children's Services 2021-25

Children's Services					
		Final Budget change forecast 2021-25			
Reference		2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
	OPENING BUDGET	**196.211**	**178.886**	**178.762**	**182.380**
	ADDITIONAL COSTS				
	Economic / Inflationary				
	Basic Inflation - Pay (0% for 21-22, 3% 22-23 to 24-25)	0.680	2.679	2.734	2.816
	Basic Inflation - Prices	1.797	1.966	1.775	1.810
	Legislative Requirements				
	NCC Policy				
	Recruitment & Retention Investment offset by Agency Reduction	-0.170	-0.610	-0.540	-0.100
	New operating model investment	-0.410	-0.760	-0.350	0.000
	Demand / Demographic				
	Social care: demographic growth	3.000	3.000	3.000	3.000
	Home to School Transport: demographic growth	0.500	0.500	0.500	0.500
	Home to School Transport: additional three days of provision (2021-22)	0.617	0.000	0.000	0.000
	Home to School Transport: additional demand pressures	1.000	0.000	0.000	0.000
		7.014	**6.775**	**7.119**	**8.026**
	SAVINGS				
CHL049	Norfolk Futures Safer Children and Resilient Families Programme: Better outcomes for children and young people and reducing demand for services	-2.000	0.000	0.000	0.000
CHS004	Merging existing children looked after transformation savings (CHL049) into new proposals (CHL001-3), which will replace and augment the existing deliverable plans.	2.000	0.000	0.000	0.000
CHS001	**Prevention, early intervention and effective social care** – Investing in an enhanced operating model which supports families to stay together and ensures fewer children need to come into care.	-0.500	-1.000	0.000	0.000
CHS001	Expansion of 2019-20 CHS001: **Prevention, early intervention and effective social care** (Reduced Family Court Costs) - Investing in an enhanced operating model which supports families to stay together and ensures fewer children need to come into care.	-0.200	0.000	0.000	0.000

Children's Services					
		Final Budget change forecast 2021-25			
Reference		2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
CHS002	**Alternatives to care** – Investing in a range of new services which offer alternatives to care using enhanced therapeutic and care alternatives, combined with a focus on support networks from extended families keeping families safely together where possible and averting family crises.	-1.400	0.100	0.000	0.000
CHS002	Expansion of 2019-20 CHS002: **Alternatives to care** (New Roads) - Investing in a range of new services which offer alternatives to care using enhanced therapeutic and care alternatives, combined with a focus on support networks from extended families keeping families safely together where possible and averting family crises.	-1.700	-4.400	-3.500	-2.500
CHS003	**Transforming the care market and creating the capacity that we need** – Creating and commissioning new care models for children in care – achieving better outcomes and lower costs.	-2.100	-3.500	0.000	0.000
CHS003	Expansion of 2019-20 CHS003: **Transforming the care market and creating the capacity that we need** - Creating and commissioning new care models for children in care – achieving better outcomes and lower costs.	-1.000	-0.100	0.000	0.000
CHS007	**Inclusion** (Home to School Transport) - Through finding school places closer to home for children and young people with Special Educational Needs and Alternative Provision requirements, we will reduce the home to school transport costs associated with long journeys	-0.500	0.000	0.000	0.000
CHS008	**Smarter Working** - Efficiencies through increased use of automation and robotics, continued modernisation through shift to different ways of working (accelerated by COVID-19 and enabled through use of IT), departmental review of posts to ensure no duplication of activity, and promotion of flexible working arrangements advantageous to employees and the department.	-1.900	0.000	0.000	0.000
CHS010	BC3 - 2021-22 New Roads transformation contribution capitalisation	-1.000	1.000	0.000	0.000
CHS011	BC3 - 2021-22 transformation capitalisation	-1.000	1.000	0.000	0.000
		-11.300	**-6.900**	**-3.500**	**-2.500**
	COST NEUTRAL ADJUSTMENTS				
	Depreciation transfer	-1.131	0.000	0.000	0.000
	Debt management transfer	-0.002	0.000	0.000	0.000
	REFCUS transfer	-11.969	0.000	0.000	0.000
	CS to CES - Funding for Working Together Partnership	-0.021	0.000	0.000	0.000
	FG to CS - Care Leavers Council.Tax Exemption Grants	0.100	0.000	0.000	0.000
	CS to S&T - Transfer to L&D cc KH8100	-0.016	0.000	0.000	0.000
		-13.039	**0.000**	**0.000**	**0.000**

Children's Services					
		Final Budget change forecast 2021-25			
Reference		2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
	NET BUDGET	**178.886**	**178.762**	**182.380**	**187.906**

Schools' Funding

10.38. Schools funding is primarily provided by the Department for Education (DFE) through the Dedicated Schools Grant (DSG), which is paid to the County Council who then have responsibility to delegate this funding to schools in accordance with the agreed formula allocation.

10.39. The DSG is split into four funding blocks: The Schools Block, the High Needs Block, the Early Years Block and the Central School Services Block. Movements up to 0.5% from the Schools Block to the other blocks can be agreed by Norfolk Schools Forum. Any request above the 0.5%, or where the Schools Forum has not agreed up to 0.5%, has to be agreed by the Secretary of State. The High Needs Block in Norfolk remains under significant pressure as set out in the risks section in section 5 of this paper.

10.40. Further detail of schools funding for 2021-22 is set out in the Dedicated Schools Grant Budget report elsewhere on this agenda.

Community and Environmental Services

Financial Strategy

10.41. Community and Environmental Services (CES) has responsibility for the delivery of a wide range of services; there is no hierarchy as each area has a vital role to play in achieving better outcomes for the whole of Norfolk. CES proactively provide information and advice to help people to make better choices that enable them to live fulfilling, independent lives. Teams continue to provide vital services to ensure that residents are safe, both in their own homes and when out and about in the county.

10.42. In terms of an overall strategy for developing budget proposals, the broad range of services and outcomes means that a single approach would not be beneficial. Instead, CES savings proposals are focussed on two general approaches:

- Cost reduction – including through use of new technology and contract renegotiations
- Ways of working – including efficiencies in back office processes and organisational re-design

10.43. In previous years, the department has also had a focus on income generation. However, given the current pressures and risks associated with existing income generation targets it is not considered prudent for new income generation to be a key strand of the financial strategy for next year.

Service issues and priorities

- The Department plays a significant role in supporting the delivery of the County Councils ambitions Environment policy. The External Funding team is developing a Green Funding Framework, built on Norfolk's evidenced natural asset baseline, to bring forward projects that will enhance Norfolk's environment in a measurable and comprehensive approach. We will seek to develop and leverage innovative funding mechanisms to deliver these projects, alongside the use of existing funding sources.
- Significant work will be needed to support delivery of the Norfolk and Suffolk Economic Recovery Restart Plan, working with New Anglia LEP. A number of projects and measures have been developed to support the Norfolk economy including through advice for businesses, support for the visitor economy, investment in infrastructure and support for individuals to reskill and upskill.
- The department is heavily reliant on generating external income, such as museums admissions income. Given the extended period that services were not able to operate, and new restrictions in the foreseeable future, this will have a significant impact on the income generating activities already built into the budget.
- Higher volumes of residual waste are anticipated due to residents being at home rather than places of work, and different consumer behaviours, therefore generating more waste through the kerbside collections.
- Whilst Government have provided support to transport operators, both directly and through the County Council, CES continues to work with operators to ensure there is resilience of the public transport network including home to school transport. Work is also underway with operators to ensure they have the ability to provide viable services under social distancing measures and through a period where there may be low public confidence in using public transport.
- Increased costs are also expected for the delivery of capital schemes to accommodate safe working practices.

- Some services in the department continue to carry out significant work specifically on Covid-19 response and recovery, in particular the Public Health, Growth and Development and Resilience teams. It is anticipated that there will continue to be a need for significant support from these areas for some time.

Savings development 2021-22

10.44. CES activities are at the heart of communities and play a major role in supporting the *Together, for Norfolk* ambitions of a growing economy, thriving people, and strong communities. CES has a very strong track record of securing external income off-setting the cost of service delivery and will continue to look for opportunities for investment. Further budget reductions could have a significant impact on the ability to continue to generate income and support communities. In developing our savings proposals, we have considered a number of key services issues:

- The Fire Service 2020-23 IRMP, agreed by Full Council in March 2020, sets out the budget required for service delivery outcomes including the allocation of resources for the mitigation of risks. It sets out the management strategy and risk-based programme for enforcing the provisions of the Regulatory Reform (Fire Safety) Order 2005. Any deviation from this would require public consultation and approval by Full Council.
- Libraries are positioned at the heart of the Council's Local Service Strategy and will play a key role in the successful operation of our multi-function hubs, with critical computer access to a number of users and forms a fundamental part of the Children's Services Early Years offer as well as providing crucial facilities to support individuals seeking employment and to support the social care demand management agenda. Open library technology and the opportunity to rent meeting rooms gives local clubs, groups and societies place to meet.
- Whilst the Museum Service is highly successful in securing external funding, it is based on a level of local authority commitment to the Service and further reductions could undermine the relationships with key external funders such as Arts Council England and the National Lottery Heritage Fund. Additional income from the planned Norwich Castle: Gateway to Medieval England project, to transform the medieval Keep of Norwich Castle, recreating the 12th century Norman Royal Palace and creating a British Museum Gallery of the Medieval Period, a dedicated Early Years learning facility and a rooftop viewing platform have already been factored into the MTFS.
- Public Health is funded via a ringfenced grant and opportunities are already being taken to use it to fund activities across the wider Council that meet the criteria of the grant.
- CES have historically delivered savings primarily through service efficiencies, cost reduction, management of vacancies and collaboration activities, and will continue to explore all opportunities, although over time this becomes more difficult. The service will continue to look for opportunities for efficiencies especially through new ways of working as a result of Covid-19.

Table 22: Detailed budget change forecast Community and Environmental Services 2021-25

Community and Environmental Services					
		Final Budget change forecast 2021-25			
Reference		2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
	OPENING BUDGET	**163.471**	**158.307**	**162.382**	**167.843**
	ADDITIONAL COSTS				
	Economic / Inflationary				
	Basic Inflation - Pay (0% for 21-22, 3% 22-23 to 24-25)	0.636	2.078	2.138	2.202
	Basic Inflation - Prices	1.293	1.633	1.713	1.747
	Legislative Requirements				
	A and B Class signing review pressure	0.500	-0.500	0.000	0.000
	Public Health expenditure pressures for revised grant allocation	1.915	0.000	0.000	0.000
	Trading Standards - additional trading standards requirements following Brexit	0.000	0.000	-0.090	0.000
	Assumed Brexit costs	-0.088	0.000	0.000	0.000
	Fire Pension pressures	0.000	0.850	0.000	0.000
	Remove CES highways A and B class signage review pressures	-0.500	0.500	0.000	0.000
	Increased traffic management costs linked to more stringent national standards	0.280	0.000	0.000	0.000
	Increased fuel costs for gritting vehicles	0.000	0.050	0.000	0.000
	Demand / Demographic				
	Waste pressure - demand and demographic (tonnage)	1.700	1.700	1.700	2.000
	Highways Maintenance pressures	0.100	0.000	0.000	0.000
	NCC Policy				
	Waste pressure - unit costs (Brexit / exchange rate / capacity)	1.436	0.000	0.000	0.000
	Revenue pressures arising from Environmental Policy agreed at Council 25/11/2019	0.175	0.000	0.000	0.000
	CES - Countywide traveller site clearance works and highway repairs	0.030	0.000	0.000	0.000
	CES - A143 / A12 link road scheme - landscaping pressures	0.015	0.000	0.000	0.000
	Highways pressure for cutting / clearance of drainage grips to reduce road flooding risks	0.235	0.000	0.000	0.000
	Full mapping and condition survey of cycling infrastructure to enable effective asset management	0.150	-0.150	0.000	0.000
	Weed spray application on new Trods being constructed via Parish Partnership Schemes	0.050	0.000	0.000	0.000
	Funding pressure for either additional Inspectors to ensure safety of network or moving towards technological solutions using cameras installed in vehicles	0.100	-0.100	0.000	0.000

Community and Environmental Services					
		Final Budget change forecast 2021-25			
Reference		2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
	Funding of previous costs pressures delivered through one-off options (ITS)	0.125	0.000	0.000	0.000
	ICT Autocad licenses - change in licensing model	0.120	0.000	0.000	0.000
	Flooding - additional revenue costs (staffing and drainage system repairs)	0.350	0.000	0.000	0.000
	One-off contribution to establish a Flood Reserve	1.500	-1.500	0.000	0.000
	Equality resources	0.120	-0.020	0.000	0.000
	Fire - Fleet	0.270	0.000	0.000	0.000
		10.512	**4.541**	**5.461**	**5.949**
	SAVINGS				
CMM043	Income generation – Norfolk Museums Service	0.000	-0.400	0.000	0.000
EDT032	Waste strategy - implementing a new waste strategy focussed on waste reduction and minimisation with a target to reduce the residual waste each household produces by at least one kilogram per week	-1.850	0.000	0.000	0.000
EDT067	Highways commercialisation	-0.040	0.000	0.000	0.000
CES001	Additional efficiencies in staffing and operations to progress the Adult Learning service towards its goal of being cost neutral.	0.000	-0.240	0.000	0.000
CES002	Achieving economies of scale in our Customer Service Centre by expanding the services that we deliver.	-0.100	0.000	0.000	0.000
CES017	Reviewing the operation of Museum catering facilities to make them more commercial.	0.000	-0.035	0.000	0.000
PHE004	Use of Public Health reserves	-0.500	0.000	0.000	0.000
CES022	Back office savings across CES (non-staff budgets) - Savings from reduction in travel and subsistence, printing, postage and telephone budgets.	-0.137	0.000	0.000	0.000
CES023	Back office savings in CES (staff budgets) - Restructure and review the number of posts in a number of back office teams.	-0.356	0.000	0.000	0.000
CES024	One off use of reserves to fund projects budget - Remove the remaining economic projects budget and fund from reserves in 2021-22 (one-off), with the revenue budget reinstated for 2022-23.	-0.174	0.174	0.000	0.000
CES025	Back office savings in CES Growth and Development - Savings from reduction in back office activities (travel budgets and other back office activities).	-0.047	0.000	0.000	0.000
CES026	Savings achieved through procurement of new contract - Reductions in waste disposal costs delivered through procurement of new contract.	-1.800	0.000	0.000	0.000
CES028	Back office savings in CES Highways and Waste (non-staff budgets) - Savings from reduction in travel and subsistence budgets.	-0.012	0.000	0.000	0.000
CES029	Culture and Heritage - Service redesign and additional fee income	-0.330	0.000	0.000	0.000

Community and Environmental Services					
		Final Budget change forecast 2021-25			
Reference		2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
CES030	Staff savings at the Norfolk Record Office (NRO) - Savings through efficiencies in back office processes and service re-design.	-0.066	0.000	0.000	0.000
CES031	Reduce Norfolk Arts Service (NAS) budget - Reduce the NAS budget via limited service redesign.	-0.037	0.000	0.000	0.000
CES032	Libraries - Cease purchase of newspapers and periodicals for Norfolk libraries, except for local history purposes. Newspapers and periodicals will continue to be available to access for free via the Libraries app.	-0.050	0.000	0.000	0.000
CES033	Redesign/ changes to staff structures in Community Information and Learning	-0.118	0.000	0.000	0.000
CES034	Fire Service - back office savings through reduction in fuel costs, printing and photocopying, and advertising expenses.	-0.101	0.000	0.000	0.000
CES035	Savings in Culture and Heritage including staffing savings - Savings delivered through service redesign, back office savings and vacancy management.	-0.383	0.000	0.000	0.000
CES036	Fire and Rescue Service - Review of managerial and functional posts including contract arrangements. Reviewing equipment purchases and staff training budget.	-0.261	0.000	0.000	0.000
CES038	Further Street Lighting LED upgrade - Upgrade 15,000 street lights on main roads, along with the CMS (central management system), to enable energy savings.	-0.900	0.000	0.000	0.000
CES039	Income Generation / recharging for services - Additional income from charging for services / roundabout sponsorship and charging for activities on the highway.	-0.345	0.000	0.000	0.000
CES040	Reduction in grass cutting - Saving delivered by reducing urban grass cutting from 5 cuts per year down to 4 cuts per year, and reducing rural grass cutting on C and U class roads from 2 cuts per year down to 1 cut per year.	-0.100	0.000	0.000	0.000
CES041	Back office savings in CES Highways and Waste - Savings from reducing overtime budgets and deletion of vacant posts.	-0.106	0.000	0.000	0.000
CES042	Reduction in contract spend - Savings from renegotiation of contract rates as part of a package to extend some current Highways contracts	-0.082	0.030	0.000	0.000
CES043	BC3 - Develop Gressenhall as an Environmental Hub for Norfolk	-0.067	0.000	0.000	0.000
CES044	BC3 - Develop Norfolk Record Office 2050 Vision	-0.080	0.000	0.000	0.000
CES045	BC3 - Capitalisation of Planning Advice & Information service within Environment	-0.100	0.000	0.000	0.000
CES046	BC3 - One-off reduction of the Arts Service budget (Health & Wellbeing)	-0.005	0.005	0.000	0.000

Community and Environmental Services

Reference		Final Budget change forecast 2021-25			
		2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
CES047	BC3 - Recharge of staff time to alternative funding sources	-0.088	0.000	0.000	0.000
CES048	BC3 - Review staff structures in Highways team	-0.003	0.000	0.000	0.000
CES049	BC3 - Fire and Rescue white and grey fleet arrangements – getting best value for money for our white and grey fleet (cars and vans) through procurement and arrangements for servicing and repairs.	-0.050	0.000	0.000	0.000
		-8.288	**-0.466**	**0.000**	**0.000**
	BASE ADJUSTMENTS				
	Revised Public Health grant	-1.915	0.000	0.000	0.000
	Brexit Grant funding	0.088	0.000	0.000	0.000
		-1.827	**0.000**	**0.000**	**0.000**
	COST NEUTRAL ADJUSTMENTS				
	Depreciation transfer	0.061	0.000	0.000	0.000
	Debt management transfer	0.000	0.000	0.000	0.000
	REFCUS	-4.000	0.000	0.000	0.000
	CS to CES - Funding for Working Together Partnership	0.021	0.000	0.000	0.000
	Esri Annual Maintenance Renewal to FCS	-0.103	0.000	0.000	0.000
	Safety of Sports Grounds Money from FCS	0.020	0.000	0.000	0.000
	FIRE ICT transfer to IMT ICT to FCS	-1.589	0.000	0.000	0.000
	CES/FCS - Adult Learning - Corporate Property	0.002	0.000	0.000	0.000
	CES/FG - Finance Leases - Fire ICT 2016	0.001	0.000	0.000	0.000
	CES/FG - Finance Leases - Mobile Libraries 2011	0.017	0.000	0.000	0.000
	CES/FG - Finance Leases - Mobile Libraries 2011 (SLS)	0.009	0.000	0.000	0.000
		-5.561	**0.000**	**0.000**	**0.000**
	NET BUDGET	**158.307**	**162.382**	**167.843**	**173.792**

Strategy and Transformation

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

- A **strategic focus** – to provide advice and to support the political and managerial leadership of the Council in their strategic approach. At a time when resources are stretched, and a number of "unknowns" remain in the financial and government policy space associated with the pandemic, it is essential to have the capability to:
  - look to the future and anticipate change,
  - provide analytical and problem-solving expertise to the executive team and departments
  - offer professional leadership to the organisation and to Norfolk Resilience Forum (NRF) partners in key areas such as strategy, communications and intelligence and analytics, to drive insights and actions.

- A **transformational focus** – to support and enable change and drive innovation, as well as provide capacity and support to services by:
  - defining transformational solutions to strategic problems across all areas of processes, people and systems
  - delivering projects and transformation at pace where required
  - supporting the Council to improve its performance through, governance of all transformation activity through building transformation delivery capability

- A **support service focus** – providing more responsive internal services from all elements of the department to managers and staff while:
  - achieving lower costs through greater use of technology,
  - developing and implementing simpler and more streamlined processes that deliver the desired outcomes
  - building on professional services through heads of profession
  - supporting and driving evidence-based decision making
  - clear concise communications internally and externally to support service provision
  - building the Council's positive reputation for delivery and influence positive behavioural change

10.46. Critical objectives for the year include:

- Create wider organisational capacity and capability in strategy, policy, innovation and operational performance, through enhanced direct support to services and deeper engagement into the organisation
- Develop, implement and embed a new performance management framework
- Provide insight, accessible information and resources in a timely and meaningful way so to enable evidence and intelligence led decision-making in the delivery of our services
- Create meaningful conversations with residents, staff, partners and stakeholders to highlight how the council is bringing positive change
- Continue to deliver the Smarter Working programme and realise benefits across the organisation

- Strengthen the transformation programmes governance framework, ensuring a direct connection to organisational performance and return on investment.
- Build a central transformation delivery capability to assure transformation delivery and ability to respond to an organisational priority.

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

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

Table 23: Detailed budget change forecast Strategy and Transformation 2021-25

Strategy and Transformation					
		Final Budget change forecast 2021-25			
Reference		2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
	OPENING BUDGET	**6.813**	**7.546**	**7.655**	**7.947**
	ADDITIONAL COSTS				
	Economic / Inflationary				
	Basic Inflation - Pay (0% for 21-22, 3% 22-23 to 24-25)	0.078	0.297	0.301	0.310
	Basic Inflation - Prices	-0.004	-0.009	-0.009	-0.009
	NCC Policy				
	Information Governance Service 2020-21 restructure	0.335	0.000	0.000	0.000
	HR Apprenticeship Levy team pressure	0.160	0.000	0.000	0.000
	Communications - remove pressures previously addressed on a one-off basis	0.152	0.000	0.000	0.000
	Establish budget for Transformation Team previously funded from Norfolk Futures	0.550	0.000	0.000	0.000
		1.271	**0.289**	**0.292**	**0.301**
	SAVINGS				
SGD006	Information Governance - Streamlining of Information Governance processes to deliver efficiencies.	-0.020	0.000	0.000	0.000
SGD007	Your Norfolk Digitisation - Stopping paper production and distribution of Your Norfolk and moving to a more frequent digital solution.	-0.100	0.000	0.000	0.000
SGD008	Strategy and Governance back office savings - Reducing print, post, stationery and travel expenditure across the whole Department.	-0.019	0.000	0.000	0.000
SGD009	Professional Lead and Career Family Model - Implementation of the Professional Lead and Career Family Model across the Insight and Analytics (I&A), Communications, and Strategy capability across the organisation.	0.000	-0.200	0.000	0.000
SGD012	Further savings to deliver a net 2.75% reduction in staffing budgets across Strategy and Governance teams - Targeting vacancy management and natural turnover as a priority; savings will be linked to achieving efficiencies through the HR and Finance System replacement.	-0.061	0.000	0.000	0.000
SGD013	BC3 - Vacancy management (HR&OD)	-0.053	0.000	0.000	0.000
SGD014	BC3 - One-off release of Strategy and Governance reserves	-0.300	0.300	0.000	0.000
SGD015	BC3 - HR & Finance System - Benefits realisation from HR & Finance System replacement in HR&OD - Benefits realisation work is still underway to quantify value of saving, but current forecast reflects savings of £0.280m in 2022-23	0.000	-0.280	0.000	0.000
		-0.553	**-0.180**	**0.000**	**0.000**

Strategy and Transformation					
		Final Budget change forecast 2021-25			
Reference		2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
	COST NEUTRAL ADJUSTMENTS				
	Transfer to L&D from CS	0.016	0.000	0.000	0.000
		0.016	**0.000**	**0.000**	**0.000**
	NET BUDGET	**7.546**	**7.655**	**7.947**	**8.248**

Governance

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

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

10.49. Priorities for the following year include:

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

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

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

Table 24: Detailed budget change forecast Governance 2021-25

Governance					
		Final Budget change forecast 2021-25			
Reference		2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
	OPENING BUDGET	**2.552**	**2.780**	**3.104**	**3.490**
	ADDITIONAL COSTS				
	Economic / Inflationary				
	Basic Inflation - Pay (0% for 21-22, 3% 22-23 to 24-25)	0.069	0.243	0.251	0.259
	Basic Inflation - Prices	-0.026	-0.050	-0.050	-0.051
	Demand / Demographic				
	Coroners - additional cost for storing bodies	0.080	0.080	0.080	0.000
	NCC Policy				
	Nplaw income pressure	0.375	0.000	0.000	0.000
	Establish budget for legal advice relating to governance issues	0.035	0.000	0.000	0.000
	Coroners Officers administrative team (12 FTE) transfer from Police	0.048	0.051	0.105	0.111
		0.581	**0.324**	**0.386**	**0.319**
	SAVINGS				
SGD004	NPLaw Structural Review - Savings from structural review linked to development of the partnership agreement.	-0.200	0.000	0.000	0.000
SGD005	Democratic Services Review - Democratic Services savings linked to changes arising from the Peer Review and Association of Democratic Services Officers (ADSO) review.	-0.030	0.000	0.000	0.000
SGD010	Democratic Services (staff budgets) - Review and realign existing structure to deliver new post COVID-19 ways of working.	-0.075	0.000	0.000	0.000
SGD012	Further savings to deliver a net 2.75% reduction in staffing budgets across Strategy and Governance teams - Targeting vacancy management and natural turnover as a priority; savings will be linked to achieving efficiencies through the HR and Finance System replacement.	-0.048	0.000	0.000	0.000
		-0.353	**0.000**	**0.000**	**0.000**
	COST NEUTRAL ADJUSTMENTS				
		0.000	**0.000**	**0.000**	**0.000**
	NET BUDGET	**2.780**	**3.104**	**3.490**	**3.809**

Finance and Commercial Services

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

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

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

Table 25: Detailed budget change forecast Finance and Commercial Services 2021-25

Finance and Commercial Services					
		Final Budget change forecast 2021-25			
Reference		2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
	OPENING BUDGET	**30.811**	**32.435**	**32.776**	**33.503**
	ADDITIONAL COSTS				
	Economic / Inflationary				
	Basic Inflation - Pay (0% for 21-22, 3% 22-23 to 24-25)	0.215	0.692	0.713	0.734
	Basic Inflation - Prices	0.141	0.162	0.165	0.169
	NCC Policy				
	Revenue pressure for HR and Finance System replacement	0.412	-0.360	-0.052	0.000
	Property cost pressures - Whitegates	0.100	0.000	0.000	0.000
	Reduced ESPO dividend income - COVID-19 impact	0.200	0.000	0.000	0.000
	Pressure for significant change / growth in IMT contact centre telephony services	0.067	0.000	0.000	0.000
	Digital transformation project accommodation costs	0.173	0.000	0.000	0.000
	Property cost pressures	0.379	-0.178	0.000	0.000
		1.688	**0.316**	**0.826**	**0.903**
	SAVINGS				
P&R027 /P&R058 /P&R060	Delay of Property savings	-0.650	0.000	0.000	0.000
FCS003	Automation of IMT processes (staff budgets) - Automation for simple repetitive tasks such as provision of access rights to file shares. Staffing reductions to be delivered by targeting vacancy management and natural turnover, although some potential for redundancies.	-0.200	0.000	0.000	0.000
FCS004	New network and telephony support arrangements - Reduced administrative effort to maintain network and telephone systems. Review small scale headcount reduction and / or reduced expenditure on third party support contracts.	-0.100	0.000	0.000	0.000
FCS006	Schools IT reduced cost and increased income - Implement a range of measures to improve profitability of the Schools IT operation, through increased efficiency / reduced costs to provide service, and ceasing trading in areas where the income does not cover the full cost of provision.	-0.050	0.000	0.000	0.000
FCS007	Switching all IMT mobile phones over to bring your own device (BYOD) - Reduced expenditure on mobile telephony through BYOD, usage policies and contract management.	-0.020	0.000	0.000	0.000
FCS008	Reduced expenditure on software applications such as Adobe Acrobat and MS Project -	-0.020	0.000	0.000	0.000

Finance and Commercial Services					
		Final Budget change forecast 2021-25			
Reference		2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
	Challenging current use and requirements, and providing lower cost alternatives.				
FCS009	Travel and transport budget in IMT - Reduced costs through increased mobile and flexible working, more virtual visits and reduced courier / delivery costs.	-0.010	0.000	0.000	0.000
FCS010	Increased Data Centre Income - Sharing the NCC data centre more widely with Norwich City Council, and possibly other partners, enabling income targets to be overachieved.	-0.003	0.000	0.000	0.000
FCS011	One-off use of reserves - One-off savings and use of reserves within Budgeting and Financial Management.	-0.255	0.255	0.000	0.000
FCS012	Vacancy management within Internal Audit Service - Vacancy management and team structure review, and review of contracted services budget.	-0.015	0.000	0.000	0.000
FCS013	Introduction of new technology and reduction in posts in Finance Exchequer Services - Savings from reduction in headcount enabled by introduction of new technology including additional employee self-service.	-0.075	0.000	0.000	0.000
FCS014	Benefits realisation from the HR & Finance System replacement project in Finance Exchequer Services - Benefits realisation work is still underway to quantify value of saving from the HR & Finance System replacement, but current forecast reflects savings of £0.4m in 2022-23 which will be delivered by a combination of reduction in posts and changes to licence costs. Expected full year effect of the project being implemented is currently estimated as a further £0.1m from 2023-24.	0.000	-0.400	-0.100	0.000
FCS015	Corporate Property savings in direct revenue costs - Savings achieved through reduced maintenance, security and other revenue costs based on exiting some additional sites, enabled by changes to ways of working due to COVID-19.	0.000	-0.358	0.000	0.000
FCS016	One-off saving from release of reserves.	-0.372	0.372	0.000	0.000
FCS017	BC3 - Budgeting and Accounting one-off use of Finance Org Change reserve.	-0.157	0.157	0.000	0.000
		-1.927	**0.026**	**-0.100**	**0.000**
	COST NEUTRAL ADJUSTMENTS				
	Depreciation transfer	0.010	0.000	0.000	0.000
	Debt management transfer	-0.002	0.000	0.000	0.000
	Esri Annual Maintenance Renewal from CES	0.103	0.000	0.000	0.000
	Safety of Sports Grounds Money to CES	-0.020	0.000	0.000	0.000
	Rates Revaluations from FG	0.125	0.000	0.000	0.000
	Pool Car Budget from FG	0.060	0.000	0.000	0.000

Appendix 1: Norfolk County Council Revenue Budget 2021-22

Finance and Commercial Services

Reference		Final Budget change forecast 2021-25 2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
	FIRE ICT transfer to IMT ICT from CES	1.589	0.000	0.000	0.000
	FCS/CES - Adult Learning - Corporate Property	-0.002	0.000	0.000	0.000
		1.862	**0.000**	**0.000**	**0.000**
	NET BUDGET	**32.435**	**32.776**	**33.503**	**34.406**

Finance General

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

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

Table 26: Detailed budget change forecast Finance General 2021-25

Finance General					
		Final Budget change forecast 2021-25			
Reference		2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
	OPENING BUDGET	**-225.178**	**-193.410**	**-167.466**	**-157.749**
	ADDITIONAL COSTS				
	Economic / Inflationary				
	Basic Inflation - Pay (2% central contingency for 21-22, 3% 22-23 to 24-25)	5.102	0.773	0.842	0.867
	Basic Inflation - Prices	0.297	0.054	0.056	0.057
	Legislative Requirements				
	NCC Pensions valuation 31 March 2019 for 2020-21 to 2022-23	-0.248	0.168	1.152	0.000
	Other Pensions valuation 31 March 2019 for 2020-21 to 2022-23	0.848	0.848	0.848	0.000
	Environment Agency Levy increase	0.050	0.050	0.050	0.000
	Increased IFCA Precept	0.011	0.011	0.011	0.000
	EELGA pension deficit recovery payment	0.002	0.000	0.000	0.000
	NCC Policy				
	Minimum Revenue Provision	21.000	3.000	3.000	3.000
	Increased Treasury Management costs	0.216	1.643	2.902	0.000
	Implementation of council tax activities	-0.105	0.000	0.000	0.000
	Provision to increase General Fund level to maintain at target 5% net Budget	0.000	1.500	0.000	0.000
	Provision for COVID pressures including Adults (centrally held)	18.829	-18.829	0.000	0.000
		46.003	**-10.781**	**8.861**	**3.924**
	SAVINGS				
FCS001	Making a one-off saving from our organisational change and redundancy budgets.	0.500	0.000	0.000	0.000
FCS002	Recognising additional income forecast from our business rates pilot.	0.300	0.000	0.000	0.000

Finance General

Reference		Final Budget change forecast 2021-25			
		2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
FIN001	One off release of Organisational Change Fund - Underlying annual budget provision for organisational change and redundancy costs is £2.7m (2019-20). Assessment of amount required to be held against organisational need, experience of actual costs incurred, and the likely organisational and staffing impact of emerging saving proposals for 2021-22, indicate that it would be possible to continue release £0.500m from this budget on the same basis as 2020-21. This reflects a delay of cost pressure for 2021-22 to 2022-23.	-0.500	0.500	0.000	0.000
FIN002	Insurance review (One-off use of reserves) - Review of Insurance reserves, claims and risks allows £0.500m to be released on a one-off basis.	-0.500	0.500	0.000	0.000
FIN003	Interest Payable / Receivable - Revised estimates of interest payable and receivable budgets for 2021-22 based on latest forecasts enable a reduction in budget provision.	-0.120	0.000	0.000	0.000
FIN004	BC3 - Treasury management interest payable budget saving	-0.580	0.000	0.000	0.000
		-0.900	**1.000**	**0.000**	**0.000**
	BASE ADJUSTMENTS				
	New Homes Bonus Grant	0.665	1.463	0.806	0.000
	Business Rates Pilot	3.879	0.000	0.000	0.000
	Change in Revenue Support Grant	-0.218	0.000	0.000	0.000
	Change in Rural Services Delivery Grant	-0.197	0.000	0.000	0.000
	Local Council Tax Support Grant	-7.512	7.512	0.000	0.000
	Tax Income Guarantee Scheme	0.000	0.000	0.000	0.000
	Extended Rights to Free Travel Grant	0.050	0.050	0.050	0.000
	One-off release of Covid funding Tranche 4 carried forward for 2021-22 pressures	-5.608	5.608	0.000	0.000
	One-off Business Rates gain	-2.265	2.265	0.000	0.000
	Rebase Business Rates budget	-7.972	0.000	0.000	0.000
	COVID-19 Grant 2021-22 (Tranche 5)	-18.829	18.829	0.000	0.000
		-38.005	**35.726**	**0.856**	**0.000**
	COST NEUTRAL ADJUSTMENTS				
	Depreciation transfer	1.060	0.000	0.000	0.000
	Debt management transfer	0.004	0.000	0.000	0.000
	REFCUS transfer	23.969	0.000	0.000	0.000
	Rates Revaluations to FCS	-0.125	0.000	0.000	0.000
	Pool Car Budget to FCS	-0.060	0.000	0.000	0.000
	Care Leavers Council Tax Exemption Grants to CS	-0.100	0.000	0.000	0.000
	Norse fuel rebate budget to ASS	-0.052	0.000	0.000	0.000
	Finance Leases - Fire ICT 2016	-0.001	0.000	0.000	0.000

Finance General

Reference		2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
		Final Budget change forecast 2021-25			
	Finance Leases - Mobile Libraries 2011	-0.017	0.000	0.000	0.000
	Finance Leases - Mobile Libraries 2011 (SLS)	-0.009	0.000	0.000	0.000
		24.670	**0.000**	**0.000**	**0.000**
	NET BUDGET	**-193.410**	**-167.466**	**-157.749**	**-153.825**

11. Public Consultation

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

11.2. In 2021-22 the council has consulted on proposals to:

- increase council tax by 1.99%;
- increase the Adult Social Care precept by 2.00%; and
- increase the council tax and ASC precept by more (if permissible).

11.3. The council also invited comments on the approach to budget savings or any of the individual proposals themselves. Two specific proposals were anticipated to have an impact on service delivery and so were presented in detail separately by way of wider consultation, these being:

- reducing summer opening hours for recycling centres by one hour (closing at 4pm rather than 5pm); and
- reducing the frequency of roadside grass-cutting in urban and rural areas.

11.4. The approach to consultation involved:

- Consultation took place between 26 October 2020 and 14 December 2020 with consultation feedback available for Cabinet in January 2021;
- Proposals were published and consulted on via the council's consultation hub, Citizen Space: https://norfolk.citizenspace.com/consultation/budgetconsultation2021-2022/;
- Letters were sent to key partners, stakeholders and parish/town councils;
- Parish councils were invited to attend a Zoom-platform webinar hosted in conjunction with the Norfolk Association of Local Councils (NALC);
- Consultation documents were made available in large print and easy read as standard, and other formats on request;
- The council made every effort to find out the views of people who may be affected by the proposals and carry out impact assessments;
- Opportunities for people to have their say on budget proposals, council tax and precept were promoted through Your Norfolk Extra email, news releases, online publications, council website and multiple social media channels;
- Opportunities for council staff to have their say on budget proposals were promoted by Member briefings, management briefings, intranet/newsletters, Friday Takeaway and other cascades and channels as available; and
- Every response has been read in detail and analysed to identify the range of people's opinions, any repeated or consistently expressed views, and the anticipated impact of proposals on people's lives.

11.5. It should be noted that the consultation did not cover the proposals brought forward in the third round of savings development, in December 2020 as described in paragraph 5.16. The savings arising from this exercise are considered to be efficiency type savings which will not impact on front line service delivery and therefore would not require public consultation.

Your views on our budget consultation 2021-22: consultation feedback

11.6. We received 500 responses in total. The great majority of responses have come from individuals or family representatives amongst the general public (88%); with a relatively balanced gender mix, the majority of respondents aged 45+, three quarters of respondents declaring themselves White British, and 11% with a disability. Nineteen town/parish councillors, one district councillor, one county councillor, twelve voluntary groups, five statutory organisations, and thirteen employees responded directly.

11.7. The feedback in relation to each section of the consultation is as follows:

COUNCIL TAX (proposal to increase NCC's share of the general council tax by 1.99% in 2021-22):

- We received 438 responses to this section with a slight skew to agreement - a half (224) either agreed (132) or strongly agreed (92) with this proposal
- Agreement tends to be underpinned by belief that the increase is necessary because 'needs must', services are vital, that the proposal is intrinsically fair, that service continuity is essential, that COVID-19 impacts need mitigating or increasing demand needs to be met
- A third (155) either disagreed (50) or strongly disagreed (105); whilst 57 were neutral
- Disagreement tends to be attributed to the increase being unaffordable and/or related financial anxieties, to perception that the proposed increase is unfair or unjustifiable, that too much is already being paid in tax, the impacts of COVID-19, a lack of evidence of benefit from previous increases or lack of personal benefit experienced
- Other prominent themes (of many) include fairness/equality, various Covid-19 impacts, service quality, value for money and demand for further council salary/expense savings.

ADULT SOCIAL CARE PRECEPT (proposal to increase the adult social care precept by 2% in 2021-22):

- We received 434 responses to this section of whom a majority (255) either agreed (120) or strongly agreed (135) with this proposal
- Agreement tends to be underpinned by belief that the increase is necessary because 'needs must', services are vital, to meet growing demand for services, to mitigate impacts of COVID-19, and to ensure continued support for the vulnerable
- A quarter (115) either disagreed (37) or strongly disagreed (78); whilst 57 were neutral
- Disagreement is largely attributed to the proposed increase being unaffordable or being unfair, alongside the impacts of COVID-19, desire for greater Central Government funding, and perceptions of paying too much already.

'INCREASE BY MORE' (proposal of an increase in more than the assumed 1.99% for general council tax and 2% for ASC precept, pending Government announcements in this regard):

- We received 430 responses to this section balanced between agreement (176) and disagreement (184) with this proposal, with 62 neutral
- Of those two-fifths (176) were in agreement with this proposal, 98 agreed and 78 strongly agreed
- Agreement tends to be underpinned by belief that the increase is necessary because 'needs must', services are vital, that service continuity is essential, that COVID-19 impacts need mitigating, that underfunding needs addressing (notably with Central Government) or increasing demand needs to be met
- Of those two-fifths (184) in disagreement with this proposal, 62 disagreed and 122 strongly disagreed
- Disagreement tends to be attributed to the increase being unaffordable and/or related financial anxieties, the impacts of COVID-19, that the increase is unjustifiable, that the council needs to increase its efficiency (and perhaps finding savings amongst salaries, staff, expenses and allowances)

RECYCLING CENTRE HOURS REDUCTION BY ONE HOUR IN SUMMER:

- 225 respondents reviewed this proposal, with a half (114) expressing disagreement, of whom 42 disagreed and 72 strongly disagreed; whilst only a third (76) expressed agreement with 42 agreeing, and 34 strongly agreeing; and 34 are neutral
- Disagreement tends to be driven by concerns over fly-tipping (and costs incurred as a result by the council), inconvenience of access (notably for those working during the week), unsuitability of shortening summer hours on assumption this is the season of greatest demand, and other negative impacts such as queuing and tangential environmental impacts
- Agreement tends to be driven by an acceptance of the necessity of the proposal, this being preferable to site closures, or there being no perceived impact on the individual respondent.
- There are many suggestions relating to applying the reduced hour in winter rather than summer, opening later in morning rather than closing earlier in afternoon, or varying opening hours across days of the week/weekend.

REDUCING FREQUENCY OF ROADSIDE GRASS CUTTING:

- 289 respondents reviewed this proposal with the majority, almost two thirds, in agreement (180), of whom 52 agreed and 128 strongly agreed
- Just over a quarter are in disagreement (79) with 33 disagreeing and 46 strongly disagreeing; and 29 respondents neutral.
- Agreement tends to be driven by positive outcomes for the environment, biodiversity, wildlife and wildflowers, aesthetic enhancement, related wellbeing impacts and the "win win" of saving money whilst enhancing the environment. Those in agreement make some caveats as to the need still to be attentive to safety/visibility too; and make some references to the need to be mindful of the timing of cut (after flowering/Autumn suggested) and the collection (or not) of cuttings.
- Disagreement is principally driven by concerns over safety/visibility, also with some references to aesthetic impacts if deemed untidy/overgrown

11.8. A full summary of the consultation feedback on the proposals above can be seen at Appendix 5. This also includes a summary of the comments that people made in respect of our overall approach to budget in departments and specific budget proposals.

12. Representatives of non-domestic ratepayers

12.1. The Council has a statutory duty under Section 65 of the Local Government Finance Act 1992 to consult with representatives of non-domestic ratepayers. In January 2021, a summary of key issues relating to the 2021-22 Budget was circulated to representatives of the business sector via the Chambers of Commerce, with feedback and questions invited to HaveYourSay@Norfolk.gov.uk.. Representatives were provided with a summary of the financial challenges facing the council in 2020-21, and an overview of the proposals for budgets.

13. Medium Term Financial Strategy

13.1. The Medium Term Financial Strategy builds on the 2021-22 Revenue Budget to provide a longer term view of the council's financial prospects, risks and challenges in order to inform future financial planning. The MTFS is set out in Appendix 2.

14. Capital

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

15. The Financial Management Code

15.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) recognises that the challenging financial environment has placed local authority finances under intense pressure. High profile failures of other local authorities have inevitably raised concerns about weaknesses in financial management across the sector. In response, CIPFA has published a Financial Management Code (the FM Code) which needs to be considered in the context of the council's budget setting process as described in further detail below.

15.2. The FM Code is intended to provide guidance about good and sustainable financial management, along with assurance that resources are being managed effectively. As such the code requires authorities to demonstrate that processes are in place which satisfy the principles of good financial management. It identifies risks to financial sustainability and sets out details of a framework of assurance which reflects existing successful practices across the sector. Crucially, the code establishes explicit standards of financial management, and highlights that compliance with these is the collective responsibility of elected members, the chief finance officer and the wider Corporate Board.

15.3. Although the FM Code is not statutory, CIPFA considers that it "*it is difficult to envisage circumstances in which the absence of statutory backing for the FM Code would provide a reason for non-compliance.*"[26] The code builds on elements of other CIPFA codes and in particular has clear links with The Prudential Code for Capital

[26] CIPFA Financial Management Code, page 12, https://www.cipfa.org/policy-and-guidance/publications/f/financial-management-code.

Finance, the Treasury Management in the Public Sector Code of Practice and the Code of Practice on Local Authority Accounting in the United Kingdom.

15.4. The code is based on the following principles:

- Organisational **leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
- Adherence to professional **standards** is promoted by the leadership team and is evidenced.
- Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

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

15.6. Compliance with the FM Code is expected from 2021-22. Most, if not all, of the requirements of the FM Code represent good practice which should already be reflected in the council's planning, policies and systems. The following table sets out the assessment of the Council's compliance with the FM Code as it relates to the 2021-22 Budget.

Table 27: Assessment of compliance with Financial Management Code

Section	Statement	Summary of assessment of compliance
1	**The responsibilities of the Chief Finance Officer and Leadership Team**	
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money	Executive Directors keep their services under continuous review and seek to achieve value for money. The requirement to deliver savings as part of the annual budget setting process helps to ensure that a focus on value for money is maintained. Various sources of benchmarking are used by different teams and services where appropriate across the organisation. A scheme of delegation has been imbedded into the monthly financial monitoring and annual budget setting process.

Section	Statement	Summary of assessment of compliance
		As part of the annual audit of the Council's Statement of Accounts, the External Auditors consider the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.[27] No issues have been identified as part of this exercise.
B	The authority complies with the *CIPFA statement on the role of the Chief Finance Officer in local government*	The Executive Director of Finance and Commercial Services is CCAB qualified and complies with CPD requirements. Financial Regulations clearly set out the role and responsibilities of the Executive Director of Finance and Commercial Services including requirements of Section 151 of the Local Government Act 1972, and the Council's compliance with the CIPFA Statement on the Role of the CFO in Local Government[28].
2	**Governance and financial management style**	
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	The authority has a clear framework for governance and internal control. The Accounts and Audit (England) Regulations 2015 (as amended by The Accounts and Audit (Coronavirus) Amendments Regulations 2020 (SI 2020/404)) require the Council to conduct a review of the effectiveness of its system of internal control at least once a year. The Chief Internal Auditor reviews the effectiveness of the system of internal control throughout the year and reports annually to the Audit Committee. As part of the production of the Annual Governance Statement[29] which accompanies the Statement of Accounts, Executive Directors complete an Annual Positive Assurance Statement and supporting departmental assurance table. Action plans are put in place where any strengthening may be required. The Council's Financial Regulations establish the role and responsibilities of the Executive Director of Finance and Commercial Services and explain how these interact with responsibilities of Members, other Executive Directors, and officers. Executive Directors have responsibility for managing their budgets within the amounts approved by County Council. They have been charged with reviewing all their cost

27 https://www.norfolk.gov.uk/what-we-do-and-how-we-work/our-budget-and-council-tax/statement-of-accounts

28 https://www.cipfa.org/policy-and-guidance/reports/the-role-of-the-chief-financial-officer-in-local-authorities

29 https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/statement-of-accounts/annual-governance-statement-2019-2020.pdf

Section	Statement	Summary of assessment of compliance
		centres to ensure that, where an overspend is identified, action is taken to ensure that a balanced budget will be achieved over the course of the year.
D	The authority applies the CIPFA / SOLACE *Delivering Good Governance in Local Government: Framework* (2016).	The Council has approved and adopted a Code of Corporate Governance consistent with the principles of the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014). The authority seeks to apply the principles, behaviours and actions set out in the Framework within its own governance arrangements, including the Financial Regulations which form part of the County Council Constitution. These are supported by the Financial Procedures which are more detailed. This is further supported through regular reporting to the Audit Committee (including high priority findings) and the development of the Internal Audit Strategy.
E	The financial management style of the authority supports financial sustainability.	Financial Regulations and Budget reports collectively set out the Council's approach to prudent, sustainable financial planning and the Executive Director of Finance and Commercial Services' role in commenting on the robustness of estimates, and duties under section 114 of the Local Government Finance Act 1988. A balanced revenue Budget is prepared annually and Members have historically taken decisions on available council tax increases which ensure future sustainability. The Medium Term Financial Strategy also considers a longer term horizon. The wider financial management style of the authority supports financial sustainability in that reports taken to committee have to consider and document the financial implications of any material decision taken. Cabinet regularly receive financial monitoring and forecasts. Managers are encouraged to enhance their financial literacy through a suite of online training and support from finance professionals.
3	**Medium to long-term financial management**	
F	The authority has carried out a credible and transparent financial resilience assessment.	The Council underwent a Local Government Association Corporate Peer Review / Challenge

Section	Statement	Summary of assessment of compliance
		in October 2019[30], which included consideration of financial planning and viability. Findings included that the "*council has successfully addressed the financial challenge to date in balancing its budget. In meeting this challenge, the authority has demonstrated both a prudent approach and a willingness to take difficult decisions.*" The authority undertakes an annual resilience review, as part of the budget setting process, including a sensitivity analysis.
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	The authority has a robust understanding of the risks to its financial sustainability and reports regularly to Corporate Board, Cabinet and other relevant committees to highlight the impact of these in relation to short, medium and long term decision making. Issues relating to long term financial sustainability are considered in detail in the annual Budget setting reports to Cabinet and County Council, and are regularly articulated to Government via consultation responses and other engagement. The Council has considered its position as evidenced in CIPFA's Financial Resilience Index, which provides a tool for recognising potential signs of risk to councils' financial stability and can be used to assess the organisation's position relative to its peers.
H	The authority complies with the CIPFA *Prudential Code for Capital Finance in Local Authorities*	Norfolk County Council prepares and publishes an annual Capital Strategy as part of the budget setting process, covering four years. This is summarised in the MTFS and published alongside the revenue budget papers. The authority has a set of prudential indicators included within the Treasury Management Strategy, in line with the Prudential Code and has suitable mechanisms in place for monitoring performance against those set.
I	The authority has a rolling multi year medium-term financial plan consistent with sustainable service plans.	Annually produced, rolling four-year medium term financial strategy which also looks at the longer term (10 years) to establish potential sensitivities within the budget setting process. Annual Budget sets out links to annual Service Committee Plans. Annual Strategic Planning activity also makes the link between budget-

[30] Plan to develop Peer Challenge Recommendations into Action Plan, (Item 16), Cabinet, 2 December 2019

Section	Statement	Summary of assessment of compliance
		setting and the Council's wider strategy and transformation activity within Service Departments. The Budget Book also details budgets to a lower level of analysis and incorporates planned savings etc.
4	**The annual budget**	
J	The authority complies with its statutory obligations in respect of the budget setting process.	The authority is aware of its statutory obligations in respect of the budget setting process and sets a balanced budget for the current year within the required timeframe. The proposals set out within this report will enable the council to set a balanced budget for the forthcoming year.
K	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.	The adequacy of reserves and provisions budget report includes details of the earmarked reserves held, explains the purpose of each reserve, the estimated opening balances for the year, details of planned additions/withdrawals and the estimated closing balances. Information and details of the assumptions used to support the Executive Director of Finance and Commercial Services' statement on the Robustness of the Estimates (budget report) provides assurances to Members prior to recommending and agreeing the revenue and capital budgets and plans.
5	**Stakeholder engagement and business cases**	
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.	The authority knows who the key stakeholders are and has processes in place to ensure they are engaged with throughout the year, and as part of the annual budget setting process. The effectiveness of this engagement is kept under review to ensure improvements can be made where necessary. Further details about the approach to engagement are provided within this report and Appendix 5
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions	The capital prioritisation process is set out in the annual Capital Programme. Significant decisions are subject to review of business case and approval by Members in line with Financial Regulations. A new Capital Programme Quarterly Review Board has been established to co-ordinate and provide oversight of the Council's overall capital programme. It is led by the Cabinet Member for Finance and attended by officer representatives from each major service. The board provides a

Section	Statement	Summary of assessment of compliance
		forum to discuss, co-ordinate and, if necessary, prioritise new schemes to be added to the programme, as well as on-going schemes.
6	**Performance monitoring**	
N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	The Council produces regular revenue finance monitoring reports for members, based on forecasting by budget holders which is regularly considered by senior managers. Reporting includes details of the monthly monitoring position against the budget, forecasts general balances and reserves for the end of the financial year, and highlights any other pertinent information relating to the overall financial position of the council. These reports also detail relevant service specific financial and operational issues. Financial information is also aligned with and reported alongside corporately significant vital signs, which provide details of the Council's current performance towards achieving its strategic outcomes. Vital signs support the Council to review current performance, validate the actions being taken to address gaps in performance and identify further opportunities for improvement
O	The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability.	The authority routinely monitors and reports the material elements of the balance sheet that may give indications of a departure from financial plans.
7	**External financial reporting**	
P	The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.	The role of the Executive Director of Finance and Commercial Services is set out within the Financial Regulations. The statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom. Statements in Statement of Accounts confirm compliance.
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.	Outturn figures are presented as part of the monthly financial monitoring and forecasting process, so shape strategic decisions going forward. The final outturn is presented within the Statement of Accounts along with supporting narrative. These figures then form a part of the decision making within the following year's annual budget setting process.

The Financial Resilience Index

15.7. CIPFA has also developed and published (16 December 2019) a Financial Resilience Index. Further details of the results and implications of the index are set out in the Statement on the Robustness of Estimates (Appendix 4).

16. Summary

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

- Additional costs and savings options;
- Level of general balances;
- Level of reserves and provisions;
- Robustness of estimates;
- Overall level of the 2021-22 Revenue Budget and proposals for 2022-23 to 2024-25;
- Overall level of the 2021-22 to 2024-25+ Capital Programme;
- Prudential Code indicators for 2021-22;
- Level of the council tax / precept for 2021-22 and for the period 2022-23 to 2024-25;
- Implications of the Revenue Budget for 2022-23 to 2024-25;
- Responses from the public consultation on the budget; and
- The outcome of equality and rural impact assessments and proposed mitigations.

16.2. The proposed 2021-22 Budget represents a balanced and deliverable package of measures which can be achieved within the council's expected resources for the year. However, it is critical to acknowledge the significant risk posed by COVID-19 which has a potentially far-reaching impact on the 2021-22 Budget. Beyond the impact of COVID-19, a number of further risks and uncertainties remain, as set out within this paper, which will need to continue to be kept under close review up to final budget setting by the County Council in February 2021.

Norfolk County Council Medium Term Financial Strategy 2021-22 to 2024-25

1. Introduction

1.1. The Medium Term Financial Strategy (MTFS) 2021-25 replaces the Medium Term Financial Strategy 2020-24. In preparing the 2021-25 MTFS, the council faces unprecedented levels of uncertainty about the impact of COVID-19, medium term funding allocations, and Government plans for both the funding system for the future, and the role and operating context of local authorities, and therefore the Medium Term Financial Strategy will need to remain flexible to adapt to changing circumstances.

1.2. A lot has changed since the previous MTFS was prepared. COVID 19 has changed every aspect of our daily lives and will have a huge impact for years to come. It has caused a seismic and immediate refocus of services, process and planning. The financial consequences of this continue to emerge, but it is **having a material impact on the ability to deliver the full level of planned savings in both 2020-21 and 2021-22, which is likely to have a sustained impact on the Medium Term Financial Strategy going forward**. Given the national context, there continue to be significant influences beyond the Council's control that will make delivery of savings difficult considering the ongoing recovery work, Covid-19 related restrictions, potential surges in demand and further waves of the pandemic.

1.3. At the time of preparing this MTFS, the pandemic continues, measures are likely to be in place until well into 2021-22, cost pressures remain, and significant **risks around future year council tax and business rate income exist** and will need to be addressed. The Government's one year Spending Review[31] (Announced 25 November 2020) assumes no ongoing Covid-related expenditure from 2022 onwards, however the long term impacts from Covid are yet to be seen and fully understood.

1.4. The financial implications for the latter three years of the MTFS (2022-25) are largely unknown, and therefore remain subject to considerable change and uncertainty. This will contribute to making budget planning activity for 2022-25 particularly challenging.

1.5. In the context of this uncertainty, the MTFS sets out the latest available information about national and local factors which are likely to impact upon budget planning decisions. This year, the MTFS has been produced in the context of the CIPFA Financial Management Code. The MTFS forms a key part of the council's financial management approach and supports the identification and management of the key risks to the council's financial sustainability. As such it details funding changes and explains the strategy for how the council intends to manage these, to make transformative change, and plan new initiatives, while continuing to meet its statutory responsibilities in the medium term.

1.6. As detailed more fully in the Revenue Budget paper, the funding of social care remains a major issue for the County Council. Pressures are being experienced in key areas such as Adult Social Care and Children's Services (including children looked after, family support to enable children to remain at home, home to school transport and the High Needs Block of Dedicated Schools Grant).

[31] Spending Review 2020 documents - GOV.UK (www.gov.uk)

1.7. Alongside the ongoing impact from changes such as the National Living Wage, these and other pressures continue to give rise to significant additional costs for the organisation and have contributed to a budget deficit forecast in the later years of this financial strategy. As a result, the council will need to develop early and robust responses, including significant further realistic and deliverable savings plans, during future budget planning rounds.

2. National Factors

Coronavirus Pandemic

2.1. The COVID-19 pandemic and the public health measures taken to contain it have delivered one of the largest shocks to the UK economy and public finances in recent history. Risks around COVID-19 and the budgetary impacts have been reported to Cabinet as part of financial monitoring through 2020-21 and are specifically set out within these budget reports presented to Cabinet in February 2021. The MTFS assumes a short-term impact with no material impact in 2022-23 onwards, but the long term implications such as increased costs or changes in behaviour are still largely unknown and represent a key area of risk.

2.2. Data from the ONS shows that while the summer saw the UK economy move towards recovery, as at October 2020 (latest release as at 05/01/21) it is still 7.9% below where it was in February 2020, before the main impacts of Coronavirus pandemic were seen.[32] The economic impact of the further national lockdowns imposed in November 2020 and January 2021 remain to be seen, but the Chancellor commented at the Spending Review that the "economic emergency has only just begun." Most recently, in an Economic Update to parliament on 11 January, he stated that "the economy is going to get worse before it gets better."[33]

2.3. The Office for Budget Responsibility produced the Economic and Fiscal Outlook (25 November 2020[34]) including a central forecast, reflecting the combined impact of the virus on the economy and the Government's fiscal policy response. It shows the UK's budget deficit in 2020-21 as £394bn (19% percent of GDP), significantly higher the £55bn predicted at the budget in March. However, in their modelling, the peak could be between 353 and 440 billion (17 to 22 percent of GDP) and will continue to rise as a share of GDP over the next five years in all but the upside scenario. This is due to increased Government spending in response to the Coronavirus pandemic and the corresponding decreased receipts. Over the period of this Medium Term Financial Strategy, the Chancellor may look to reduce public spending where possible, such as a public sector pay freeze in future years.

Government funding

2.4. During the previous multi-year settlement, in 2020-21, and in the current year 2021-22, the level of, and uncertainty around, **one-off funding allocations** have been a significant issue for local authority planning. While this is of course understandable as part of the unprecedented response to COVID, over the course of the preceding four-year settlement, councils saw additional allocations for a range of funding including the improved Better Care Fund, Rural Services Delivery Grant, and various social care grants.

[32] GDP monthly estimate, UK - Office for National Statistics (ons.gov.uk)
[33] https://www.gov.uk/government/speeches/economic-update-speech
[34] Overview of the November 2020 Economic and fiscal outlook (obr.uk)

2.5. This additional funding was clearly welcome and has supported the County Council to set a balanced budget, however it is important to recognise that these announcements have a substantial impact on longer term planning and lead to increased uncertainty from year to year. In some cases, additional funding has not been announced until very late in the budget-setting process, which does not lend itself to effective service planning. The one-off or time limited nature of some of this funding also means that it is not prudent to include it within base budgets, but in areas such as social care, the additional activities which the funding supports cannot in all cases simply be “switched off”. Similar considerations apply to the additional cost pressures which have been addressed by short-term COVID funding allocations.

2.6. The delays to the **Fair Funding Review**, while clearly unsurprising in the circumstances, are disappointing as it appeared that the direction of travel was generally favourable for upper tier shire authorities. The Council continues to lobby the government to ask that the Fair Funding Review be concluded to provide an adequate overall quantum of funding for local government within the system, update the relative needs formula, and fully recognise the costs associated with rurality and sparsity.

2.7. Settlement funding information is rarely provided in sufficient time for local authorities to meaningfully consider it and develop a response. The 2021-22 Provisional Settlement was announced 17 December 2020 (and for 2020-21, on 20 December 2019). This is hugely disappointing considering the Ministry’s previous acceptance of the recommendations of the Hudson Review[35] that the settlement should be published around 6 December. Setting the dates for the settlement announcements in advance, and crucially then adhering to them, would be of enormous benefit to local authority planning.

2.8. Looking beyond the immediate impacts of coronavirus, the overall level of uncertainty means that the financial environment for local government remains extremely challenging for the foreseeable future. **Local authorities continue to face a growing gap between funding and service pressures, driven in part by demographic changes, unfunded burdens such as the National Living Wage, and the needs of vulnerable social care users becoming increasingly complex**. Children’s services, in both social care and education (particularly the High Needs Block), are also under very significant stress. This pressure is anticipated to increase in the medium-term as a result of additional needs driven by effects of COVID-19 and the associated lockdowns and restrictions. Other services such as transport, planning, environment, and trading standards have been subject to significant restrictions which have also seen increasing pressure placed on discretionary and preventative services.

2.9. At the time of preparing this Strategy in January 2021, the last major fiscal event was when the Chancellor of the Exchequer, Rishi Sunak, announced the Budget 2020[36] in March 2020. Due to the unprecedented economic impact the chancellor announced a number of additional measures throughout the year, and updated forecasts (with no reference to Brexit) in the Spending Review 2020. The next Budget is scheduled for March 2021.

[35] Local government finance: review of governance and processes - GOV.UK (www.gov.uk)
[36] https://www.gov.uk/government/topical-events/budget-2020

2.10. The Office for Budget Responsibility (OBR) have published an updated Economic and Fiscal Outlook[37] to set out forecasts for the UK's public finances alongside the Spending Review 2020. The OBR forecast indicated that UK GDP is set to fall by 11% this year, the largest drop in annual output since 1709, and that receipts this year are set to be £57 billion lower, and spending £281 billion higher, than last year.

European Union withdrawal / Brexit

2.11. The UK's future relationship with Europe, alongside other policies and decisions by the Government, have a significant impact on the council's planning. A Queen's speech was delivered 19 December 2019 and on 20 December 2019 the Withdrawal Agreement Bill was passed. Following European Parliament approval, UK formally left the EU on 31 January 2020 with a withdrawal deal, which was followed by a transition period until 31 December 2020. During the transition period the UK and EU negotiated a post Brexit agreement to take effect from 11pm 31 December 2020. The implications of leaving the EU for the County Council's service delivery and finances, as well as for the local economy more widely are only just emerging. Further details of anticipated impacts are set out below.

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

2.12. Until December 2020, there had been continuing uncertainty around the process and terms upon which the Britain would leave the EU.

2.13. The decision to leave the EU taken in June 2016 will have a long-term impact on the European funding available to the county. It also creates a potential workforce risk, as the nature of any immigration policy decided after leaving the EU may result in issues for the care and agricultural sectors.

2.14. Norfolk County Council and "Norfolk plc" has historically benefited from European programmes and we have built up substantial expertise in designing, managing and delivering European projects and programmes. However, the referendum decision also provides an opportunity to influence alternative future funding schemes to benefit our local area.

2.15. European funding in Norfolk has been spent on a variety of activity such as:

- Economic growth and regeneration (for example supporting small businesses to start and grow);
- Skills, worklessness and employment support (for example, supporting unemployed people back into work);
- Environmental protection (for example, support for landowners to create wildlife habitats);
- Research and development (for example, support for universities to undertake research); and
- Agricultural support via the common agricultural policy (for example, subsidies for farmers, and grants for rural economic growth).

2.16. In the immediate period following the EU referendum, activity across the range of EU funded programmes available to Norfolk stalled, awaiting advice from central

[37] Economic and fiscal outlook – November 2020 (obr.uk)

government on how to proceed. Some development time was lost as applicants waited for further news before taking the decision to apply for EU funds.

2.17. In October 2016, the then Chancellor announced that all EU funded projects contracted before we leave the EU would be honoured in full. This guarantee includes honouring funding for projects which are due to complete in the years following the UK's departure from the EU. The guarantee is subject to projects meeting two criteria: 1) value for money and 2) fit with national priorities; both of which are tested when projects are assessed. This guarantee has now been extended to cover the transition period, so all projects contracted before 31 December 2020 are covered. This is a welcome extension, since it gives the council additional time to commit the funding allocated so that businesses and organisations can continue to benefit from EU-funded schemes available in our local area until funding contracts expire.

2.18. The Economic Programmes team have been promoting the EU funding opportunities to potential applicants to maximise drawdown and benefit in Norfolk before we leave the EU and the £9m LEADER programme was fully committed in the summer of 2019. While our new £3M DRIVE (Delivering Rural Investment and Vital Employment) Programme will provide capital grants of £55-£30k to businesses, it cannot help rural businesses to diversify - as LEADER did - so we will seek to target the new Shared Prosperity Fund (see following paragraph) to address this issue.

2.19. The Government has pledged to replace EU funding with the Shared Prosperity Fund[38] and, in the November 2020 Spending Review announced that an initial £220m would be made available for 21-22 to help local areas prepare for the introduction of the Fund and pilot programmes and new approaches. More details are due in Spring 2021. The Council will respond to the request for proposals and is already considering the outline criteria for the pilot programmes set out in the Spending Review document.

2.20. The INTERREG France (Channel) England programme which we manage, will continue through to fruition, closing formally in 2025. The Programme remains subject to EU regulations in accordance with the legal framework in place pre-Brexit. There are areas requiring further action where we are working closely with the EU and the UK Government representatives from MHCLG and BEIS to ensure compliance. These include procurement and use of the UK tender platform replacing OJEU and Standard Contractual Clause amendments to ensure data flows freely from the EU to the UK, which will need to be put in place over the next 6 months.

2.21. The European Commission has also confirmed *"that the negative interests charged by the banks are bank charges which are linked to the usual administration of the accounts and therefore […] eligible".* Therefore, as regards **the treatment of such eligible costs**, these costs should be certified under the technical assistance priority axis, applying the corresponding co-financing rate. As in all other cases of eligible bank charges, the expenditure incurred should be supported by appropriate (banking) documents. The programme is calculating the recovery amounts for inclusion in future claims.

Government policy and economy forecasts

2.22. Alongside the Spending Review[39], in November 2020, the Government published an update to its preferred measure of illustrative core spending power, which

[38] https://researchbriefings.files.parliament.uk/documents/CBP-8527/CBP-8527.pdf
[39] Spending Review 2020 documents - GOV.UK (www.gov.uk) para 6.65

suggests that Local Government's core spending power will increase by 4.5% in cash terms, largely relating to the Government's forecast of increased revenues associated with the 2% increase to local council tax, the 3% adult social care precept and an additional grant of £300 million in social care funding. The government also expects to provide over £3 billion of additional support for Covid-19 pressures in 2021-22.

2.23. However, it does little to address the fact that since October 2010, the Government implemented significant spending reductions with the aim of reducing the national deficit, which fell more heavily on local government than many other parts of the public sector. Norfolk County Council has absorbed a reduction of **£219.955m** in core funding from Government between 2010-11 and 2019-20. Nationally, local government will still be worse off in real terms in 2021-22 compared to 2010-11.

2.24. The Bank of England's Monetary Policy Committee (MPC) at a special meeting on 19 March 2020 voted to cut Bank rate to 0.1% and increase its holdings of UK government and corporate bonds by £200 billion to a total of £645 billion[40]. Both investment earnings rates and new borrowing rates remain low by historical standards.

2.25. The council's treasury management objectives remain safeguarding the timely repayment of principle and interest, whilst ensuring liquidity for cash flow and the generation of investment yield. The council works closely with its external treasury advisors to determine the criteria for high quality institutions, including high quality banks and financial institutions, and local authorities. The council applies a minimum, acceptable credit-rating criteria to generate a pool of highly creditworthy UK and non-UK counterparties which provides diversification and avoids concentration risk. These are detailed further in the Annual Investment and Treasury Strategy 2021-22 (elsewhere on the agenda).

2.26. The council makes non-treasury investments for policy purposes, for example capital loans to subsidiaries and other companies. These are addressed further in the Annual Investment and Treasury Strategy 2021-22.

2.27. The level of commissioning undertaken by the council sees a wide range of services being delivered by partners and through private sector contracts. Contractual obligations are often linked with the Consumer Price Index (CPI), meaning these rates will impact on the council's budget setting activity and medium term planning. CPI[41] is currently running at 0.6% (December 2020 data, published 20 January 2021). Over the previous 12 months, it reached its highest in January 2020 (1.8%) and at its lowest level, it was 0.2% (August 2020).

2.28. Some of our waste, highways, and care contracts are experiencing pressures requiring inflation well over CPI. Increases in care costs are driven primarily through pay costs and the National Living Wage increase is likely to incur nearly a 2.2% increase. Details regarding how inflationary increases within identified cost pressures have been calculated are included within the Robustness of Estimates report.

2.29. The Government continues to prioritise the integration of the National Health Service and social care in order to improve services for patients and deliver efficiencies as set out in the NHS Long Term Plan[42]. By April 2021 all areas of the country will

[40] Monetary Policy Summary for the special Monetary Policy Committee meeting on 19 March 2020 | Bank of England

[41] Inflation and price indices - Office for National Statistics (ons.gov.uk)

[42] The NHS Long Term Plan (norfolkandwaveneypartnership.org.uk)

have an Integrated Care System[43] (ICS). The Norfolk and Waveney Health and Care Partnership is working alongside the county Health and Wellbeing Boards to fully implement the integrated care system for the Norfolk and Waveney area.

3. Local factors

3.1. In responding to these national pressures, Norfolk County Council is operating in the context of significant change in both the scope and scale of public services, while simultaneously absorbing the impact of historic sustained reductions in levels of funding. This pressure on resources has come at a time of increasing levels of demand, and complexity of needs, for many of the services the council provides.

3.2. At the same time as playing its part in delivering the Norfolk response to COVID-19, **the council remains focussed on meeting the twin challenges of increasing demand and limited central government funding, whilst minimising the impact on the front-line delivery of services, and delivering the six year business plan *Together, for Norfolk***. This Medium Term Financial Strategy has been developed to support this work to ensure that the council's gross budget of £1.4bn is spent to best effect for Norfolk people.

3.3. There are a number of local factors that impact upon services provided or commissioned by Norfolk County Council and therefore affect the budget, yet are (at least in part) outside of the council's control. The most significant of these relate to demographics, the local economy, and ecological pressures.

Demographics

3.4. Norfolk's population is an estimated 907,800 in mid-2019[44] – an increase of around 4,100 on the previous year.

3.5. Over the six years between 2013 and 2019, Norfolk's population has increased by 4.1% (or around 37,500 people), compared with an increase of 4.6% in the East of England region and 4.3% in England.

3.6. Over the six-year period from 2013 to 2019, in terms of broad age groups, numbers of children and young people (aged 0-15) in the county increased by around 8,100 (increase of 5.2% compared with an increase of 5.6% nationally); numbers of working age adults (aged 16-64) increased by around 7,000 (increase of 1.3% compared with an increase of 2.2% nationally); and numbers of older people (aged 65 and over) increased by around 22,400 (increase of 10.0% compared with an increase of 10.1% nationally).

3.7. The estimates for mid-2019 confirm that Norfolk's population has a much older age profile than England as a whole, with 24.5% of Norfolk's population aged 65 and over, compared with 18.4% in England.

3.8. The ONS 2018-based population projections are trend-based[45], and on this basis, Norfolk's overall population is projected to increase from 2018 to 2028 by around 60,600 people– this is an increase of 6.7% which is below the East of England projected increase of 5.0% and the England projected increase of 5.0%.

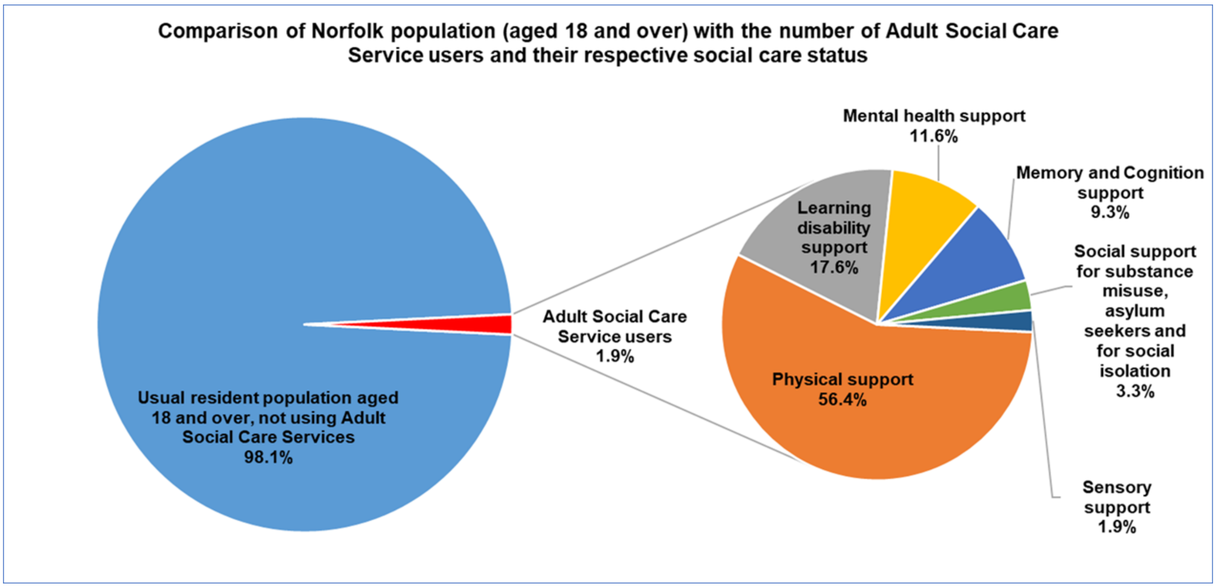
[43] Creating an Integrated Care System (norfolkandwaveneypartnership.org.uk)
[44] ONS 2019 population estimates (September 2019)
[45] ONS 2018-based subnational population projections (March 2020)

3.9. Norfolk's oldest age groups are projected to grow the quickest over the ten years to 2028, with numbers of 75 to 84-year-olds projected to increase by around 37% and numbers of those aged 85 and over projected to increase by around 24%. This age group is the most likely to require social care, so increases in the size of this older group are likely to have a high impact on the demand for social care services.

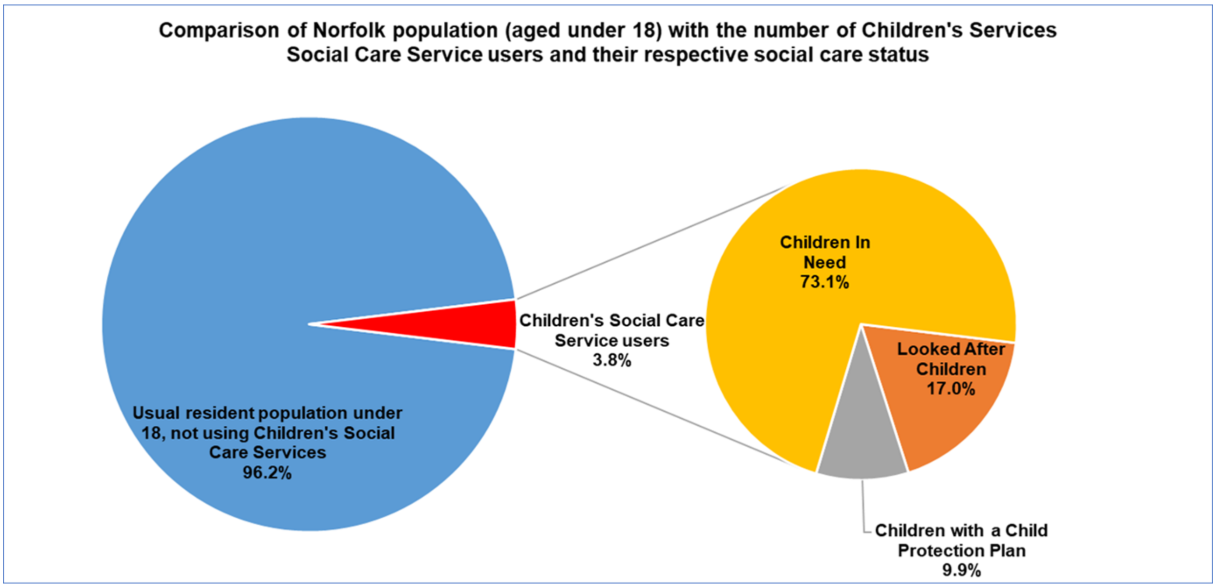
3.10. Looking further ahead, there is projected growth from 2018 to 2041 of around 99,500 people in Norfolk – this is an increase of 11.0% which is below the East of England projected increase of 13.6% and above the national projected increase of 10.6%.

3.11. Further demographic information is provided below, relating to the proportions of adults (aged 18 and over) and children (aged under 18) in Norfolk's population, compared with the proportions who are social care service users, along with their respective social care status.

MTFS Chart 1: Adults demographic information



MTFS Chart 2: Children's demographic information



Population data from mid-2019 ONS estimates; service data all 2019-20.

Social Mobility

3.12. Social mobility is a complex, systemic issue affecting many areas and people in Norfolk. The COVID-19 pandemic has served to further highlight the issue of social mobility and will potentially contribute to worsening some of its impacts in terms of health inequalities, access to education and facilities for learning, employment and the ability engage with new expectations about working remotely. To address social mobility, we want to prevent causes of social and economic exclusion and to foster sustainable, prosperous communities. To do this, we need to work across all our services and at all levels of government, private and third sectors. Fair funding for rural areas is also fundamental to us being able to achieve our ambitions for the people of Norfolk.

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

3.14. Although often perceived as an urban issue, the 2017 social mobility commission report[46] highlighted problems in our rural and coastal areas. In the commission's ranking of social mobility, the districts of Breckland, Great Yarmouth, King's Lynn and West Norfolk, North Norfolk and Norwich were amongst the worst 10% in England.

3.15. Social mobility is also linked to inter-related factors such as health and well-being, affordable housing and deprivation. Deprivation trend data shows us that Norfolk has experienced an increase in relative deprivation over time.

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

3.16. The key issues for Norfolk remain:

- When comparing Indices of Multiple Deprivation (IMD) from 2015 to 2019, there has been a slight relative increase in deprivation. In the 2015 IMD data Norfolk as a whole ranked 88th out of 151 upper tier local authorities, but is now ranked 84th (1 being the most deprived, 151 being the least deprived).
- Based on 2018 population estimates, there are approximately 135,030 people living in the 20% most deprived areas in Norfolk. The areas remain largely urban around Norwich, Great Yarmouth and Kings Lynn, although there are some rural areas in the most 20% deprived.
- Norfolk has an economy somewhat reliant on tourism (which in the short term is being severely impacted by COVID-19 restrictions) and agriculture that means that employment opportunities for residents can be both seasonal and low wage, with limited scope for progression. This particularly impacts rural areas and the coast with over 50% of people on low wages living in rural or coastal areas.
- Average earnings in Norfolk are significantly below national and regional levels.
- Typically, access to services is focused on urban areas as the economic case to deliver to smaller numbers in rural areas is challenging. However, in combination with decreasing access to public transport, it is difficult for residents to access support.
- Currently, Norfolk doesn't have a well-established culture of training at all stages of employment, which impacts on progression within the workplace.
- Access to affordable childcare for low income families is a major barrier to social mobility and removes parents, particularly mothers, from the work place for long periods of time.

3.17. A whole council approach, working in partnership with others across the whole public sector system, is needed to address the many inter-related issues that affect social mobility and our local economy.

Local Economy

3.18. The Council's work to drive economic growth is shaped by the New Anglia Economic Strategy[47] for Norfolk and Suffolk and the Council's business plan, *Together, for Norfolk*[48]. However, in light of the pandemic we worked at pace with the New Anglia Local Enterprise Partnership (LEP) to develop a targeted 'Restart' Plan[49], with the Council's contribution to it outlined in its Norfolk Delivery Plan[50].

3.19. Initiatives to support businesses in the pandemic have included: the creation of a £6.75m Norfolk Strategic Fund for projects to drive the recovery, starting with a £2.225m tourism support package; the LEP's £6.1m Business Resilience and Recovery Grant Scheme and district council partners distributing £399.33m from the Government's Small Business Grants Fund to 34,449 businesses (more than 50% of the Norfolk and Suffolk business base).

3.20. £17m was also secured from the Government's Getting Building Fund for capital projects deliverable in 18 months, which secured funding for the offshore wind Operations & Maintenance base at Great Yarmouth and the Food Innovation Centre at Honingham Food Enterprise Park.

[47] Economic Strategy for Norfolk and Suffolk - New Anglia
[48] Together, for Norfolk - Norfolk County Council
[49] New-Anglia-LEP-NSU-Recovery-Plan-2020-FINAL.pdf
[50] Norfolk Delivery Plan - Norfolk County Council

3.21. To support our people, the Council developed the BEST programme (Bringing Employment and Skills Together) which aims to support over 650 businesses and over 1200 individuals. Its Recruit, Reward, Retain strand provides a financial incentive for employers to take on a new or redundant apprentice and the Employer Training Incentive Project provides employees with the skills needed to help the business they work for survive and grow. The Council also successfully bid to become a gateway organisation for the Government's £2bn Kickstart programme, with businesses able to recruit 16-24 year olds at risk of long-term employment via our portal.

3.22. Promoting the development and expansion of the local economy will become ever more significant if the Government implements plans for localisation of business rates. Already, the Council's priorities place the people of Norfolk at the forefront of our plans and investments. Through the Growth and Development team, the council aims to promote, secure and manage funding to support Norfolk's economic growth. The County Council supports the implementation of a wide range of initiatives intended to deliver growth, including working closely with the LEP on a number of projects such as the development of Enterprise Zone sites across the County and the capital projects mentioned elsewhere, including infrastructure projects, transport improvements such as the Norwich Western Link, and ongoing delivery of Better Broadband, which will all help to drive the creation of higher value jobs in key sectors, such as offshore wind and agri-food. The Council is a member of the Greater Norwich Growth Board which oversees the delivery of the Greater Norwich City Deal and supports infrastructure improvements which will drive growth.

3.23. Despite these interventions it is however important to recognise the potential impact of decisions outside the council's control. For example, the decision to leave the European Union has had an impact on the investment and operational decisions by many businesses, both locally and nationally. The securing of a deal at the end of December 2020 meant that tariff-free trade could continue. However, the financial services sector, which is important for the Norfolk economy was notably absent and will be subject to future EU negotiations.

3.24. It is also important to note that since the introduction of the Business Rates Retention Scheme in 2013-14, Norfolk has not seen any significant growth or decline in the amount of business rates collected. This is a significant concern for Norfolk for future years, when considering the increasing levels of demand, the move towards Business Rates localisation and the potential changes to Revenue Support Grant. Most significantly, local authorities have relatively limited ability to influence some of the major factors which can impact on the level of business rates collected, including for example the impact of Covid-19 on business rates income, the current NHS Trusts challenge, and decisions made by large employers (such as the closure of the Britvic and Colman's/Unilever sites in Norwich and the Construction Industry Training Board (CITB) relocation from its base in Bircham Newton), which can result in large changes to rates income.

Adult Social Care: Care Market Workforce

3.25. There are 27,000 jobs across the adult social care market in Norfolk. Recruiting and retaining care staff therefore remains a key focus to achieve a stable care market and improve quality of care. The Council was recently successful in jointly securing European Social fund monies for the Development Skills in Health and Social Care Programme, which together with match funding from partnership organisations will support a total skills project value of £7.580m for Norfolk and Suffolk. As well as providing support to individuals in the care workforce, it is expected that higher take up of qualifications will lead to better recruitment and retention rates, improved quality of care and improved leadership and management skills to help sustainability within the care market.

Ecology: Waste

3.26. The County Council is responsible for dealing with the left over rubbish (residual waste) collected by all local authorities in Norfolk. Increases in households and the effects of economic growth mean that the amount of left over rubbish and the cost of dealing with it are expected to increase significantly. To help mitigate these effects, the aim of the waste service is to reduce the amount of waste, increase reuse and recycling, and reduce unit costs. These objectives require measures to be put in place by all local authorities in Norfolk and they are actively working on this together as the Norfolk Waste Partnership.

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

Ecology: Flooding

3.28. Norfolk is identified in the Norfolk Local Flood Risk Management Strategy[51] as the area 10th most at risk of local flooding in England. The county has approximately 34,000 properties at flood risk from local sources during a rainfall event with a 1 in 100 annual chance of occurring. These local sources include flooding from surface runoff, groundwater and from over 7,500 km of watercourses within Norfolk. The County Council's two core aims as Lead Local Flood Authority are to reduce the existing local flood risk for communities and to prevent new development from increasing flood risk. Whilst not directly the authority's responsibility, the county also has nearly 100 miles of coastline and is vulnerable to tidal inundation and surges.

3.29. In the event of a major flooding incident, it is likely that the council would have recourse to the Bellwin scheme of emergency financial assistance to Local Authorities[52]. This would enable the council to be reimbursed for 100% of eligible expenditure above a threshold set by the government. The most recently published threshold for Norfolk was £1.164m in 2017-18 (i.e. this is the maximum liability for the County Council in the event of a major incident eligible for support under the Bellwin rules). However, the annual threshold is 0.2% of the net revenue budget for the year. If the scheme is activated more than once during the year, the threshold is compared with the cumulative expenditure.

3.30. Following the recent flooding events which affected large parts of Norfolk in late December and January 2021, Cabinet approved changes to the Local Flood Risk Management Strategy and agreed[53] to additional funding to assist with the immediate response, clear up operation and repairs to the existing drainage systems damaged or broken by the floodwater. The required works are extensive and as well as

[51] Norfolk Local Flood Risk Management Strategy
[52] Bellwin Scheme thresholds published October 2017 https://www.gov.uk/government/publications/bellwin-scheme-guidance-notes-for-claims
[53] Local Flood Risk Management Strategy Review, Agenda Item 11, Cabinet, 12 January 2021

immediate urgent repairs that are required on the network, the floodwater debris has blocked many existing highway drainage systems, which now require jetting out and in some cases extensive repairs. Flood investigations into the 100+ properties that suffered internal flooding have also now commenced and Flood Investigation Reports will be published over the next three to six months. These reports will identify areas where improvements should be made to reduce the future risk of surface water flooding. Some of these recommendations may have implications for Council systems (as the Council is one of a number of stakeholders who have responsibility for water management systems).

4. Organisational factors

Organisational structure and governance changes

4.1. The County Council is currently a Conservative controlled authority and moved to an Executive Leader and Cabinet governance structure in May 2019. The senior management structure is based on five Executive Directors leading the following directorates: Children's Services; Adult Social Services; Community and Environmental Services; Finance and Commercial Services; and Strategy and Transformation. The Director of Governance leads the Governance Department and reports to the Head of Paid Service. The statutory Head of Paid Service role is undertaken by the Executive Director of Community and Environmental Services.

4.2. A local government pay award is yet to be agreed for 2021-22 onwards, however the Medium Term Financial Strategy assumes no across the board pay increase but provides for a 2% contingency in 2021-22 (to be held corporately until the final award is confirmed) and provides for 3% in budgets from 2022-23 onwards. To take into account the National Living Wage (NLW), the lowest spinal point rate rose to £9.00 per hour in 2019-20. This was to ensure that the new pay spine would reflect future forecast NLW amounts per hour for 2021-22 onwards, which have now been confirmed as £8.91, for those aged 23 and over.

The Norfolk and Waveney Health and Care Partnership

4.3. The Partnership includes the following members, but works closely with the local health watch organisations, district councils and the voluntary, community and social enterprise sector.

- NHS Norfolk and Waveney Clinical Commissioning Group (CCG)
- Norfolk's acute hospitals
- Norfolk and Suffolk County Councils
- Norfolk and Suffolk NHS Foundation Trust
- Norfolk Community Health and Care NHS Trust
- East Coast Community Healthcare Community Interest Company (CIC)

4.4. A priority in the NHS Long Term Plan is to join-up health and care services and by April 2021 all areas of the country will have an Integrated Care System (ICS). The Norfolk and Waveney Health and Care Partnership is working alongside the county Health and Wellbeing Boards to fully implement the integrated care system for the Norfolk and Waveney area.

4.5. The focus for the future is to plan, commission and organise some specialised services at the ICS level and to devolve a greater share of primary care funding and improvement resource to a more local level – with a focus on place. Considerable work has already taken place, with a single Clinical Commissioning Group in place since April 2020, as well as the introduction of 17 primary care networks (PCN) place based around groups of GP practices and made up of different health and care professionals. These teams include an adult social care lead and team, mental health workers and community healthcare teams. The PCN also works with local voluntary and community groups as part of the wider work to achieve healthy and well communities.

4.6. The governance arrangements for the partnership are still being finalised but will include elected members from NCC and officers at the Partnership Board. The Council will also be represented at the Executive Group and system wide functional and planning teams, which will support the development of aligned strategies, policies and practice, recognising the autonomy and governance of the individual organisations. The development of the Place Operating Plans and overarching Norfolk and Waveney Place Framework will be agreed by the Partnership Board in April 2021.

4.7. The King's Fund forecasts that the wider system (nationally) has a total (non-COVID) budget of over £161bn to spend on health and social care in 2020-21[54]. However, underlying (non-COVID) spend is more than the recurring budget provision and there is currently a significant financial deficit for the system. Rising to the challenges of the pandemic, temporary changes to funding and variation to normal spending and service demand, has affected plans and transformation. However, it has also identified opportunities for new approaches and fast tracked some changes to ways of working, such as services following hospital discharge. The aspiration continues to be work through the financial needs for the system as a whole and developing whole system solutions.

4.8. The council's 2021-25 budget plans for adult and children's social care and public health reflect the relevant aspects of the health and social care programme of work. Joint funding plans, including the Better Care Fund, are agreed with health partners in line with Department of Health and Social Care guidance.

4.9. Plans within the partnership include significant involvement from council services and partnership working has enabled joint agreements supporting investment and risk share. In particular, the strategy covers the following areas:

- Supporting effective discharge and admission services through the Ageing Well programme;
- Reducing pressure on emergency services;
- Giving people more control over their health and more personalised care when they need it;
- Digitally enabled care; and
- Local NHS organisations focusing on population health.

Consultation with citizens and equality and rural impact assessments

4.10. The council has undertaken **public consultation** and produced **equality and rural impact assessments** in relation to the 2021-22 Budget and MTFS proposals. Detailed information about the findings of these are included in the Revenue Budget paper (Appendix 1) and in Appendix 5 and Appendix 6.

[54] https://www.kingsfund.org.uk/projects/nhs-in-a-nutshell/nhs-budget

Resource plans, funding, service pressures and savings

4.11. The plans and assumptions in the council's budget and Medium Term Financial Strategy have been reviewed as part of the preparation of the 2021-22 Budget to ensure that they are robust and deliverable. The Executive Director of Finance and Commercial Services' recommendation of a 3.99% council tax increase is made on the basis that this will enable a more robust budget for 2021-22 and for future years, however the outlook for 2022-25 remains extremely challenging and the MTFS is based on the deferred 1% Adult Social Care precept being taken in 2022-23 (alongside the underlying assumption of a 1.99% general increase).

4.12. Experience of the implementation of savings plans demonstrates that in some cases the cost, complexity and time required to deliver transformational change is likely to be greater than that originally allowed. As a result, the removal or delay of a number of previously agreed savings has been proposed over the life of the MTFS. As set out elsewhere in the report, COVID-19 has had a particular impact on the delivery of savings in the current year 2020-21 and some of this non-delivery has been mitigated within the budget process. Where it has not, this reflects expectations that non-delivery is due to delays in implementing savings and the realisation of these planned savings on a sustainable ongoing basis will be fundamental to the delivery of the 2021-22 Budget. This remains a key risk and any extension of current lockdown measures may impact on the achievability of both the saving assumptions carried forward from 2020-21 and new savings planned for 2021-22.

4.13. As set out elsewhere, the Provisional Settlement has provided clarity about funding levels for 2021-22 for local authorities. However, there remains very considerable uncertainty around the final three years of the Medium Term Financial Strategy (2022-25).

4.14. Savings are being delivered through a range of approaches as described in the Service commentary within the Revenue Budget. The table below provides a summary of the savings within current budget planning. Efficiency related savings continue to be targeted as a priority.

MTFS Table 1: Summary of savings in 2021-22 planning

	2021-22	2022-23	2023-24	2024-25	Total
	£m	£m	£m	£m	£m
Savings brought forward from 2020-21 MTFS	-7.684	-5.075	0.000	0.000	**-12.759**
New savings subject to specific consultation in 2021-22	-0.100	0.000	0.000	0.000	**-0.100**
New savings subject to general public consultation in 2021-22	-27.913	-1.352	-1.600	-2.500	**-33.364**
Other savings (December 2020 proposals)	-5.483	4.182	0.000	0.000	**-1.301**
Total savings	**-41.179**	**-2.245**	**-1.600**	**-2.500**	**-47.524**

Implications of one-off funding allocations

4.15. Council funding (especially relating to adult social care services) in recent years has predominately been provided on a one-off basis. Whilst the council has aimed to align one-off funding to one off expenditure, such as invest to save proposals, this is not always possible. In particular, the use of winter funding is targeted at managing demand arising from timely discharge from hospital which predominately reflects recurrent costs. If short-term funding allocations are not made permanent, they will materially increase the pressures arising in future years. This illustrates sharply the case that continues to be made by the council for a sustainable financial solution for adult social care.

General and Earmarked Reserves and provisions

4.16. General reserves are an essential part of good financial management and are held to ensure that the council can meet unforeseen expenditure and respond to risks and opportunities. The amount of reserves held has been set at a level consistent with the council's risk profile and with the aim that council taxpayers' contributions are not unnecessarily held in provisions or reserves.

4.17. Earmarked Reserves support the council's planning for future spending commitments. In the current climate of limited resources, the planned use of Earmarked Reserves allows the council to smooth the impact of funding reductions and provides time for the implementation of savings plans. As part of the year-end closure of accounts, a detailed review of the reserves and provisions held by the council is undertaken. The Medium Term Financial Strategy assumes an overall decrease in the level of Earmarked Reserves. Further details of the anticipated use of Earmarked Reserves are included in the Statement on the Adequacy of Provisions and Reserves 2021-25 (Appendix 3).

4.18. When taking decisions on using reserves, it is important to acknowledge that reserves are a one-off source of funding. Once spent, reserves can only be replenished from other sources of funding or reductions in spending. Therefore, reserves do not represent a long term solution to the historic funding reductions and continuing cost pressures facing the council.

5. Local Government Funding

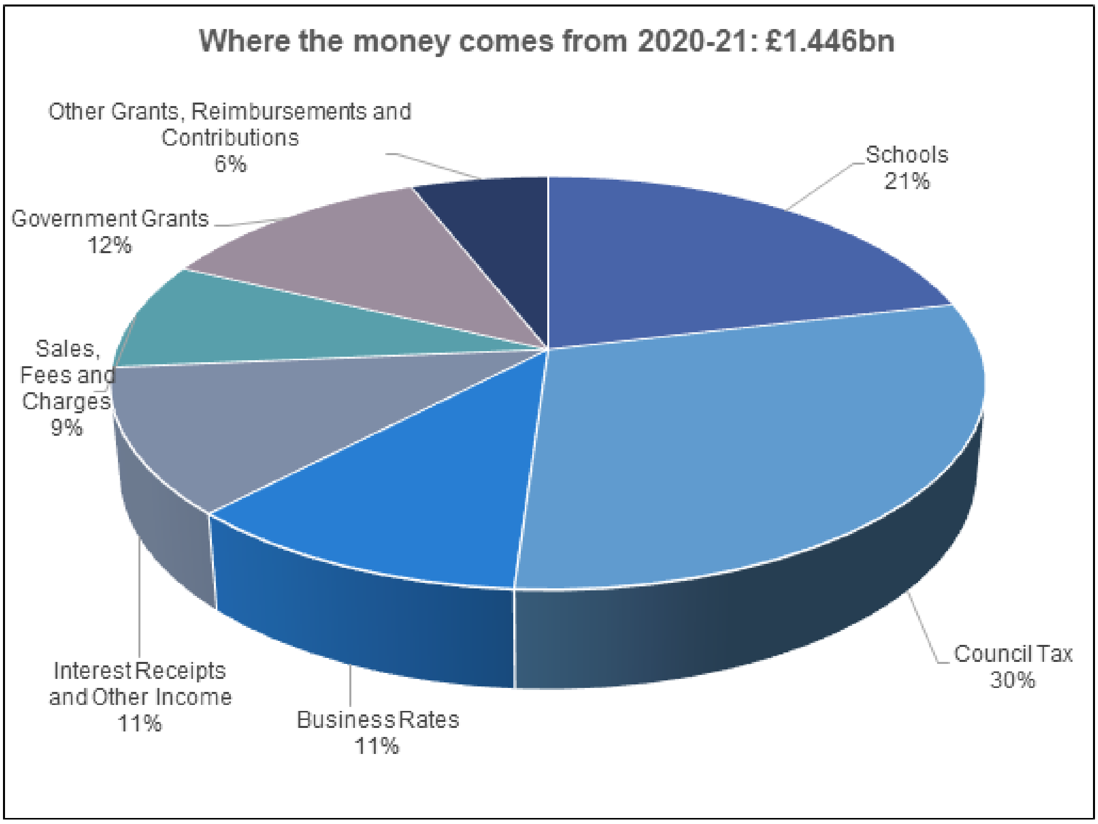
5.1. Local Government funding has three major components:

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

5.2. Councils also generate income through sales, fees and charges. The breakdown of this **budgeted funding** in 2020-21 is shown in the pie chart below, though the reality is income streams have been materially affected by Covid-19.

5.3. In recent years, the government has provided a larger proportion of funding through one-off specific grants, which makes it increasingly difficult to plan services for the long term. Therefore the completion of the Fair Funding Review is vital to support delivery of sustainable services.

MTFS Chart 3: Council funding sources 2020-21



Business Rates (11%)

5.4. Since April 2013, councils have no longer received Formula Grant, but instead received funding from a mix of locally retained business rates and government grants that are allocated from centrally retained business rates.

5.5. The introduction of the business rates retention scheme resulted in a direct link between local business rates growth and the amount of money councils have to spend on local people and local services. The scheme provides incentives for local authorities to increase economic growth, through retention of a share of the revenue generated from locally collected business rates. This does not alter the way that business rates are set, and they continue to be set nationally by central government.

5.6. Local authorities benefit from 50% of business rates growth (or indeed suffer the consequences of business rates decline) in their area. The scheme is complex, involving a system of tariffs, top-ups and levies, however, at its simplest, for every £100 change in rates in Norfolk, £50 would go to central government, £40 to the district councils and £10 to Norfolk County Council.

5.7. Baselines are fixed in-between reset periods and only adjusted for inflationary increases to allow local authorities to retain generated growth for a period of time. The next reset was due in 2021-22 but it has been delayed. Until any reform of the system is completed, upper tier authorities are restricted in gains but also protected from reductions somewhat, as a large proportion of income is received through index linked top-ups.

5.8. Challenges within the current Business Rates scheme include the level of financial risk that councils face due to appeals and business rate avoidance, with little scope for these risks to be managed under the current arrangements. Some councils are of the view that the risks outweigh the rewards available to councils through incentives to grow the local economy. The Government has implemented a new three-stage approach to business rates appeals: "Check, Challenge, Appeal," aimed at providing a system which is easier to navigate, with an emphasis on early engagement to reach a swift resolution of cases. The new system came into force on 1 April 2017, to coincide with the national revaluation of rateable values.

5.9. Risks to business rates income are considered to be significantly higher in 2021-22 due to the impact of COVID-19 and the level of uncertainty around continued Government support for businesses. In light of the significant uncertainty around the business rates position for next year, Norfolk local authorities have decided not to form a business rates pool for 2021-22 and have notified the Ministry for Housing, Communities and Local Government requesting the Norfolk Pool be revoked. The position will be reviewed if there is an opportunity to form a Norfolk business rates pool for 2022-23.

5.10. In respect of the 2021-22 budget, updated District Council forecasts are being collated and the level of income the council will receive is not yet confirmed.

Changes to the Business Rates Retention Scheme

5.11. The Government has previously stated that it remains committed to increasing local share of business rates retention to 75%. However, there remains uncertainty at this point about the detailed plans for implementation and when implementation will take place.

5.12. The Spending Review confirmed that "full conclusions" from the fundamental review of business rates are due to be published in Spring 2021. Barring any radical changes being proposed, this will help to shape any wider reforms of local government funding. A key issue for the County Council will be to ensure that reforms include a review of funding needs which accurately captures the pressures faced by Norfolk, particularly in respect of social care, demographic issues, and the specific local pressures arising from sparsity, rurality and social mobility.

Revenue Support Grant (RSG) (3%)

5.13. The amount of funding the council receives is published as the Settlement Funding Assessment. As shown in the table below, in comparison to other councils, Norfolk remains somewhat reliant on Revenue Support Grant (RSG) and therefore cuts to this funding stream have a significant impact on the budget. Following the Provisional Local Government Finance Settlement, the council's budget planning assumes that RSG is uplifted by 0.55% in 2021-22.

5.14. The table below shows Norfolk's assumed Settlement Funding Assessment, which reflects the actual 2020-21 funding allocations. There is currently no information about Settlement Funding beyond 2021-22 and the MTFS gap assumes this will be unchanged from the assumed 2021-22 allocations.

MTFS Table 2: Settlement Funding Assessment

	2020-21 (comparative)		2021-22 (assumed)	
	£m	%	£m	%
Settlement Funding Assessment	194.461	100.0%	194.679	100.0%
Received through:				
Revenue Support Grant	39.442	20.3%	39.660	20.4%
Baseline Funding Level	155.019	79.7%	155.019	79.6%
Via Top-Up	*127.897*		*127.897*	
Retained Rates	*27.122*		*27.122*	

Specific government grants (12%) and schools funding (21%)

5.15. The table below summarises the amount of specific grants due to be received in 2020-21, along with provisional figures for 2021-22. In most cases the allocations for the years beyond 2021-22 have not yet been confirmed by the Government and there is therefore limited information available about amounts beyond next year. Ring-fenced funding below includes funding to schools, over which the County Council has no control.

MTFS Table 3: Grants and Council Tax

	2020-21 Actual (restated comparative) £m	2021-22 Provisional £m
Un-ringfenced	262.454	265.919
Ring-fenced (schools)	679.964	732.938
Ring-fenced (Public Health)	40.630	40.630
Emergency Coronavirus funding[55]	70.277	26.341
Council tax (council tax increase of 3.99% 2020-21 and 2021-22)	430.421	439.094
Local Business Rates	27.122	27.122

5.16. Details of significant specific grants are set out below:

Ring-fenced grants

5.17. **Public Health** – Public Health grant continues to be ring-fenced grant in 2020-21 for public health services. The Government has not yet confirmed grant allocations for 2021-22. Public Health covers a wide range of services that may be provided directly to communities or to other organisations that deliver services supporting the health and wellbeing of our population.

[55] Including LCTS Grant in 2021-22

5.18. **Dedicated Schools Grant (DSG)** – Schools funding is provided through the Dedicated Schools Grant (DSG) and other grants. The DSG is allocated to local authorities who then delegate the funding to schools in accordance with the agreed formula allocation. Grants are allocated by local authorities to schools as per the Department of Education (DfE) conditions of grants, which vary depending upon the purpose and aims of the funding. The Local Authority will receive its DSG allocation for 2021-22 based on the new national funding formula. Pupil premium will continue as a separate, ring-fenced grant.

5.19. It is the local authority's decision how the Schools Block is distributed as, at present, there is no requirement upon local authorities to allocate the block as per the national funding formula unit values. However, central government policy indicates a move towards a 'hard' formula in future and, therefore, the implications of this need to be considered by local authorities when determining their local formula. The options for the local formula for Norfolk were co-produced with Norfolk Schools Forum and all schools were consulted on the options available.

5.20. At the end of the summer term 2020, the government announced additional DSG funding for 2021-22 onwards. Estimates of the impact for Norfolk have been produced and shared with schools as part of the funding consultation undertaken with all schools and Norfolk Schools Forum in October and November 2020

5.21. The Government has announced DSG for 2021-22 totalling £699.469m (2020-21 £646.495m). The DSG is before academy recoupment.

5.22. **Pupil Premium Grant (PPG)**[56] – 2021-22 allocations have not yet been announced but funding rates for the pupil premium in the financial year 2021 to 2022 will stay the same as for 2020 to 2021, however allocations will be based on October 2020 rather than January 2021 school census data. In 2020-21, disadvantaged pupils: primary were allocated £1,345, which is aimed to help primary schools raise attainment and ensure that every child is ready for the move to secondary school. £955 was allocated for disadvantaged pupils: secondary. Disadvantaged pupils are those who have been registered for free school meals at any point in the last six years.

5.23. The pupil premium plus (for children looked after) is £2,345 per pupil. The eligibility for this includes those who have been looked after for one day or more, and (from 2015-16) children who have been adopted from care or have left care under a special guardianship or child arrangement order. Schools receive £2,345 for each eligible pupil adopted from care who has been registered on the school census and the additional funding will enable schools to offer pastoral care as well as raising pupil attainment.

5.24. Children with parents in the armed forces continued to be supported through the service child premium. In 2021-22, the service child premium will be £310 per pupil.

5.25. **High Needs Block**[57] **(HNB) -** High needs funding is intended to provide the most appropriate support package for children and young people (from early years up to aged 25) with special educational needs and disabilities in a range of settings, taking account of parental and student choice. Guidance[58] sets out some changes to the 2021-22 high needs funding system, although the national funding formula and underpinning

[56] Pupil premium: conditions of grant 2020 to 2021 - GOV.UK (www.gov.uk)
[57] High needs funding arrangements: 2021 to 2022 - GOV.UK (www.gov.uk)
[58] High needs operational guide 2021 to 2022 (publishing.service.gov.uk)

operational processes and principles remain largely unchanged from 2020-21. Further details of the HNB impact on the overall Dedicated Schools Grant position are set out in the Revenue Budget report (Appendix 1) and in the Dedicated Schools Grant Budget report elsewhere on the agenda.

Un-ring-fenced grants

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

5.27. The BCF is developed alongside CCGs (and District Councils in relation to the effective deployment of disabled facility grant, which is passported in full to District Councils). The service continues to work closely with health partners within the Sustainability and Transformation Partnership (STP) and Transforming Care Programme (TCP) and particularly as the wider system works towards Integrated Care System status; the budget plans reflect priorities within the programme, including supporting carers, use of reablement, discharge planning and high impact change model to improve delayed transfers of care from hospital.

5.28. The BCF will continue in 2021-22 and is expected to be uplifted by 5.3% in real terms from its existing minimum contribution.

5.29. Disabled Facilities Grant (DFG) allocations are transferred to District Councils through the BCF. This enables Housing Authorities to meet their statutory duty to provide adaptations to the homes of people with disabilities to help them live independently for longer. From 2016-17 the DFG allocations have included amounts to offset the discontinuation of the Social Care Capital Grant. The Spending Review 2020 confirmed that the DFG will also continue and will be worth £573m nationally in 2021-22[59].

5.30. **Social Care Grant** – The provisional Settlement confirmed a £300m national expansion of this grant, which when added to the sums continued from 2019-20 and 2020-21, takes the total fund to £1.710bn. This provides a further £5.587m for Norfolk, and brings our total grant for 2021-22 to £30.342m. This grant is ringfenced towards helping to address cost pressures across both Adults and Children's social care. Nationally, (£60m) of the additional funding has been distributed based on the adult social care relative needs formula and (£240m) has been used to "equalise" the impact of the distribution of the adult social care council tax precept in 2021-22. This methodology is favourable to Norfolk due to the comparatively lower tax base.

5.31. **Improved Better Care Fund** – From 2017-18 the County Council has received additional funding for Adult Social Care via Improved Better Care Fund (iBCF) allocations funded from changes to the New Homes Bonus grant. The three year plan covering the period 2017-2020 setting out the use of this funding was agreed by the County Council and health partners in July 2017. The iBCF will continue to support delivery of services in line with the agreed plans. The funding represents a mix of recurrent and one-off funding and the council has created a reserve to ensure that the

[59] Better Care Fund: policy statement 2020 to 2021 - GOV.UK (www.gov.uk)

agreed plans are delivered over multiple years. The adult social care budget reflects these movements and use of reserves. The Spending Review 2020 confirmed that iBCF grant will continue in 2021-22 and be maintained at its current level.

5.32. The grant must only be used for "meeting adult social care needs; reducing pressures on the NHS, including seasonal winter pressures; supporting more people to be discharged from hospital when they are ready; ensuring the social care provider market is supported". As grant recipient, we work with our local Clinical Commissioning Group and providers to ensure the grant conditions are met. In 2019-20 the government announced that the winter pressures funding previously provided as a distinct grant would be rolled into the iBCF. In addition, the governance changed with a requirement to pool this grant alongside the wider Better Care Fund.

5.33. The provisional Settlement in December 2020 announced that, for a second successive year, the iBCF be retained at 2019-20 levels, and would be extended into 2021-22. This meant a continuation of Norfolk's **funding of £38m from 2021-22**. The Adult Social Care budget reflects the spending plans for the grant.

5.34. **Local Reform and Community Voices grant** – allocations for this grant, which consists of three funding streams (Deprivation of Liberty Safeguards in Hospitals; local Healthwatch funding; and funding for the transfer of Independent NHS Complaints Advocacy Service to local authorities) have not been announced for 2021-22 or future years. It may be that the grant has been reduced or removed, but in the past allocations have not been published until after the start of the financial year and it is therefore assumed that this funding continues in 2021-22 and in future financial years, however if not received, a pressure of £0.599m will arise.

5.35. **Independent Living Fund (ILF)** – the ILF provides support for disabled people with high support needs, to enable them to live in the community rather than in residential care settings. From 1 July 2015 responsibility for supporting ILF users in England passed to local authorities, with associated grant funding being provided. Allocations have not been published for 2021-22 or future year. The past allocations have not been published until after the start of the financial year and it is therefore assumed that this funding continues in 2021-22 and in future financial years, however if not received, a pressure of £1.379m will arise.

5.36. **Social Care in Prisons grant** – the Social Care Act establishes that local authorities are responsible for assessing and meeting the care and support needs of offenders residing in any prison, approved premises or bail accommodation within its area. This grant is to provide additional funding to undertake this new burden. Allocations have not yet been announced for 2021-22 onwards but it is assumed that the funding continues. If the funding is not received a pressure of £0.352m will arise in Adult Social Care for this and future financial years.

5.37. **War Pensions** – In the 2016 Budget, the government announced that a change would be made to the care and support charging arrangements in England to treat the schemes more consistently. This was done by requiring regular payments made to veterans under the War Pensions Scheme to be disregarded (i.e. not taken into account) when local authorities conduct the Adult Social Care financial assessment. This grant compensates local authorities who lost income from this change in charging policy. The past allocations have not been published until after the start of the financial year and it is therefore assumed that this funding continues in 2021-22 and in future financial years, however if not received, a pressure of £0.245m will arise

5.38. **New Homes Bonus Funding** – New Homes Bonus (NHB) is a grant paid by central government to local councils for increasing the number of homes and their use. The New Homes Bonus is paid for each new home, linked to the national average of the council tax band, originally for a period of six years. As part of the provisional Settlement, the Government has confirmed that the national baseline for housing growth will continue to be 0.4%, effectively reducing the number of eligible properties in the calculation of the grant. Since 2018-19 NHB payments have been made for four, rather than five years. The Government has committed to reforming the NHB and 2021-22 will be the final year under the current approach. The new payments in this year (Year 11 of the NHB) will not attract any legacy payments, as they would have done in previous years. However, we will receive legacy payments relating to year 8 (2018-19) and year 9 (2019-20). In two-tier areas, the annual payment will continue to be split: 80% for shire districts and 20% for shire counties. It appears unlikely that New Homes Bonus (forecast to be worth £2.269m in 2021-22) will continue beyond 2021-22, with all legacy payments ceasing by 2023-24.

5.39. **Rural Services Delivery Grant** – Rural Services Delivery Grant (RSDG) recognises the extra costs of delivering services in rural areas. The provisional Settlement confirmed that allocations of Rural Services Delivery Grant will be £85m nationally in 2021-22, an increase of £4m since 2020-21.

COVID funding

5.40. Throughout 2020 the Council has received one-off emergency funding in relation to the pandemic to meet the additional costs arising due to Covid-19 and a limited number of these funding streams are set to continue into 2021-22, alongside additional measures. It is important to note that the level of COVID-19 funding in 2021-22 is materially lower than that being provided in 2020-21 which may reflect a Government assumption that financial impacts of the pandemic for local authorities will not persist in the medium-term. It remains to be seen if this will be the case in practice. Further details of funding received in 2020-21 are set out in the Financial Monitoring report elsewhere on the agenda, and details of the use of funding for 2021-22 within the budget papers. Headlines include:

5.41. **Sales, Fees and Charges** The income loss scheme whereby councils absorb losses up to 5% of their budgeted sales, fees and charges income, with the government compensating them for 75p in every pound of relevant losses thereafter, has been extended into the first quarter of 2021-22.

5.42. **COVID-19 Grant funding Tranche 1-4 (£55.282m 2020-21) Tranche 5 (£18.829m 2021-22)** The core unringfenced COVID-19 grant to local government has been extended with a fifth tranche due to be paid in 2021-22. The Tranche 5 allocation represents only 34% of the total provided for 2020-21 and was announced prior to the increase in infections and national lockdown restrictions in January 2021. It therefore remains to be confirmed if this level of funding is sufficient for the cost pressures faced or further resources will be provided in recognition of this.

5.43. Government is also providing support to local authorities in 2021-22 to address expected impacts of COVID-19 on key income streams. This includes the **Local Council Tax Support Grant (one-off £7.5m 2021-22)** and the **Tax Income Guarantee** which will compensate local authorities for 75% of irrecoverable losses in council tax and business rates income in respect of 2020-21. These measures are in addition to the measures which provide for phasing of any collection fund deficit over three years.

5.44. Significant funding has been provided into the **Public Health** system during 2021-22 via the Test and Trace Grant and Contain Outbreak Management Fund. At this point no further allocations for 2021-22 have been announced although Government has indicated that grant funding provided in 2020-21 can be used into 2021-22. Similarly, significant resources have been provided into the Social Care Market, particularly via the **Infection Control Fund** and currently there are no details as to whether this will be extended into 2021-22.

Council Tax (30%)

5.45. Council tax is a key source of locally raised income. This helps make up the difference between the amount a local authority needs to spend and the amount it receives from other sources, such as business rates, government grants, and fees and charges.

5.46. In 2016-17 the Government introduced a new discretion for local authorities providing adult social care to raise additional council tax as an Adult Social Care precept. This gave authorities the option to raise an additional precept of 2%, on top of their existing discretion to raise council tax within the referendum limit (at the time also 2%). In 2017-18, the Government further extended the flexibility around the Adult Social Care precept, allowing councils to raise it by 3% in 2017-18 and 2018-19, but in this event having no rise permitted in 2019-20. The council took advantage of this flexibility to raise the maximum Adult Social Care precept by 2018-19 meaning no increase was applied in 2019-20. In 2020-21, a further 2% was raised through the Adult Social Care Precept.

5.47. The Government included within the provisional Local Government Finance Settlement[60] (December 2020), a core council tax referendum principle of up to 2% and an adult social care precept of 3% on top of the core principle, with the opportunity to split this over two years. The Medium Term Financial Strategy is based on the following council tax assumptions for planning purposes (in view of the current discretions available and subject to Member decisions in each year) and proposes to split the 3% adult social care precept increase with 2% applied in 2021-22 and 1% in 2022-23.

5.48. Since 2015-16, Council Tax Base increases have been projected across the MTFS period at around 2%, however the increase in 2020-21 was lower at 1.39% and projected increases are significantly smaller for the duration of the current MTFS (2021-25) as shown in **Table 4** below.

[60] Provisional local government finance settlement 2021 to 2022: consultation - GOV.UK (www.gov.uk)

MTFS Table 4: Council Tax assumptions

	2021-22	2022-23	2023-24	2024-25
Assumed increase in general council tax (based on CPI)	1.99%	1.99%	1.99%	1.99%
Assumed increase in Adult Social Care precept	2.00%	1.00%[61]	0.00%	0.00%
Total assumed council tax increase	**3.99%**	**2.99%**	**1.99%**	**1.99%**
Assumed Council Tax Base	**300,664**	**302,168**	**304,434**	**307,478**
Assumed increase in Council Tax Base (%)	**0.40%**	**0.50%**	**0.75%**	**1.00%**

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

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

5.50. In 2016-17 the Government introduced a measure of "core spending power", intended to reflect the resources over which councils have discretion. However, in reality, the council has limited discretion over how much to raise council tax, and cannot significantly influence whether businesses pay Business Rates, or the level of allocated central government funding. Core spending power risks painting an unrealistic picture of how well a council might be faring. For example, Norfolk's core spending power has risen from £606.3m in 2015-16 to £731.1m in 2021-22, an increase of £124.8m, however £141.7m of this increase has been delivered through increased council tax, effectively transferring the burden to local council tax payers. During this time the council has also had to plan to make substantial savings to meet wider cost pressures and reductions in funding and enable the setting of a balanced budget.

5.51. The assessment of core spending power was used in 2016-17 as a mechanism to distribute reductions in Revenue Support Grant for the period up to 2019-20 to ensure that within each tier of Local Government (upper-tier, lower-tier, fire and rescue, and GLA other services), authorities of the same type received the same percentage change in settlement core funding. The inclusion of council tax in this calculation represented a significant change in Government policy. The Spending Review document at the time stated that this was intended to "*rebalance support including to those authorities with social care responsibilities by taking into account the main resources available to councils, including council tax and business rates.*"[62]

5.52. Nonetheless, by previously using core funding as a mechanism for the distribution of funding in the settlement, the Government has effectively assumed that councils will raise council tax at the referendum threshold, will raise the Adult Social

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[61] Deferred from 2021-22 flexibility. If further increases in the ASC precept are available in 2022-23, it is likely that the Executive Director of Finance and Commercial Services would recommend this be taken in addition.

[62] *Spending Review and Autumn Statement 2015*, para 1.242, p59, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479749/52229_Blue_Book_PU1865_Web_Accessible.pdf

Care precept if available, and that historic levels of tax base growth will persist. As a result, any decision to raise council tax by less than the maximum available will lead to underfunding when compared to the Government's expectations, and may make it more difficult to lobby for additional central government funding.

6. Revenue strategy and budget

6.1. The primary objective of the Medium Term Financial Strategy 2021-25 is to show a balanced four year position. At present further savings or additional revenue funding need to be identified to meet the shortfall shown in the period 2022-23 to 2024-25 below:

MTFS Table 5: Provisional medium term financial forecast budget shortfall

	2021-22	**2022-23**	**2023-24**	**2024-25**
	£m	**£m**	**£m**	**£m**
Additional cost pressures and forecast reduction in Government grant funding	99.953	57.995	45.485	40.373
Forecast council tax increase	-8.673	-16.882	-14.390	-14.822
Identified saving proposals and funding increases	-91.280	-2.245	-1.600	-2.500
Budget shortfall	**0.000**	**38.868**	**29.495**	**23.051**

6.2. The council's revenue budget plans deliver a balanced budget for 2021-22, but a shortfall remains in the subsequent years 2022-23 to 2024-25 (an **overall deficit in the Medium Term Financial Strategy of £91.414m**). The gap in 2022-25 is broadly similar to gaps forecast in previous years (2020-24 gap was £93.694m). The Medium Term Financial Strategy (MTFS) is intended to aid forward planning and help mitigate financial risk. The detailed timetable for the identification of the required savings and future year budget setting is set out in the Revenue Budget report (Appendix 1).

6.3. Uncertainty remains around several key areas which could impact on the MTFS in future years:

- the level of reliance on one off funding in 2021-22
- uncertainty regarding previous one-off funding beyond 2021-22 and in particular the use of one-off funding to deliver recurrent services.
- pressure on budgets from needs led services, relating to adults and children's social care, where the number of service users and the complexity of need continues to increase.
- the long term impact of the pandemic on social care demand and price of care packages.
- the level of Dedicated Schools Grant funding provided to deliver High Needs Block SEND provision, and the progress in recovering the deficit position on these budgets;
- the impact of the decision to leave the EU on local government funding and the wider local economy;
- whether the financial demands of wider government spending decisions will necessitate changes in the way local services are delivered and organisations are configured as demonstrated by the wider debates about reorganisation taking place across local government;

- the delayed implementation of 75% Retention of Business Rates and the fair funding review, whether there will be any additional responsibilities transferred to Local Government as part of this process, and the level of any further funding reductions;
- the ability of local tax payers to continue to absorb increases in council tax and the Adult Social Care precept; and
- further integration of health and social care, including Transforming Care Plans, which aims to move people with learning disabilities, who are currently inpatients within the health service, to community settings.

6.4. CIPFA's Financial Management Code sets out a requirement for councils to consider a long-term financial view which recognises financial pressures. This should include an assessment of the sensitivity of the council's position to a range of alternative scenarios. The table below therefore provides a summary long term financial outlook for the council, based on currently known pressures and an assumption that government funding continues at the same level as 2021-22.

6.5. Norfolk County Council has a strong history of good financial management and therefore we are well placed to achieve compliance with the Financial Management code requirements by March 2021.

6.6. The 6 Principles of Good Financial Management set out in the FM Code are:

- Organisational leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- Accountability – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- Financial management is undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
- Adherence to professional standards is promoted by the leadership team and is evidenced.
- Sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

MTFS Table 6: Long term financial forecast budget position

	Medium Term Financial Strategy				Long Term Financial Outlook						Total
	2021-22	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**	**2030-31**	
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Growth Pressures											
Economic and inflationary	17.730	18.729	18.885	19.352	20.109	20.734	21.371	22.021	22.695	23.371	**204.997**
Legislative requirements	10.862	8.472	8.699	7.010	0.000	0.000	0.000	0.000	0.000	0.000	**35.043**
Demand and demographic	12.148	11.380	11.980	11.000	11.000	11.000	11.000	11.700	11.100	11.100	**113.408**
Policy decisions	35.696	2.516	5.065	3.011	0.111	0.118	0.124	0.000	0.000	0.000	**46.642**
COVID-19 pressures	18.829	-18.829	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Funding decreases	4.688	35.726	0.856	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**41.269**
Savings and funding increases											
Identified savings	-41.179	-2.245	-1.600	-2.500	0.000	0.000	0.000	0.000	0.000	0.000	**-47.524**
Funding increases	-50.101	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**-50.101**
Council tax changes	-8.673	-16.882	-14.390	-14.822	-14.604	-15.043	-15.496	-15.962	-16.443	-16.938	**-149.252**
Forecast Gap (Surplus)/Deficit	**0.000**	**38.868**	**29.495**	**23.051**	**16.617**	**16.808**	**16.999**	**17.758**	**17.352**	**17.533**	**194.482**

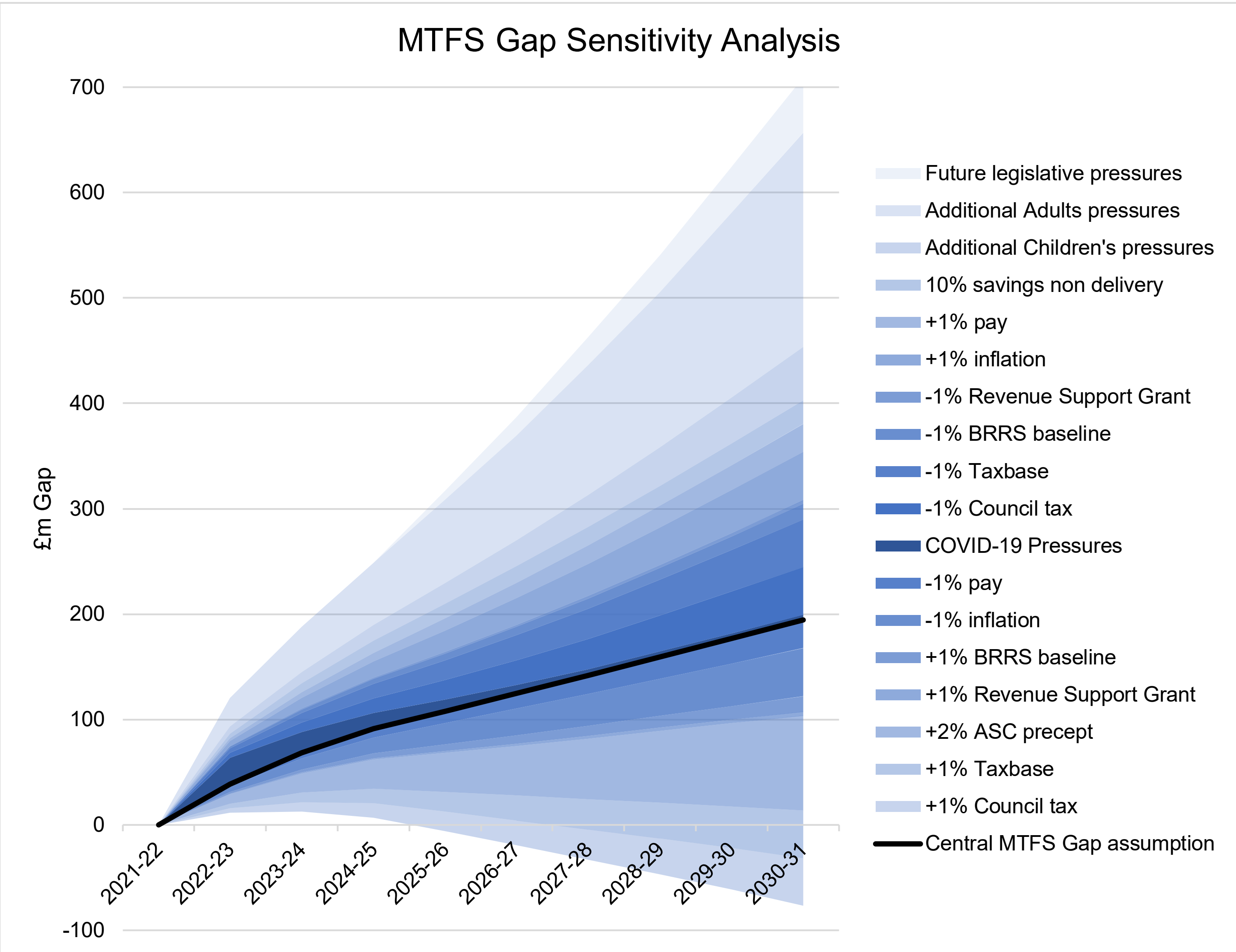
6.7. The long term outlook suggests a cumulative budget gap of almost £200m by 2030-31, if no mitigating actions are taken. However, the level of this gap is highly sensitive to changes in assumptions and is ultimately likely to be materially different. In particular, the level of uncertainty within these forecasts inevitably increases for later years. The sensitivity of the budget in 2021-22 to changes in key assumptions is shown in the following table.

MTFS Table 7: Assumption sensitivity 2021-22

Change in assumption	£m
10% savings non delivery	+/- 4.118
+/-1% pay inflation	+/- 2.551
+/-1% general inflation	+/- 5.183
+/-1% Revenue Support Grant	+/- 0.397
+/-1% Business Rates baseline	+/- 1.550
+/-1% Council tax base	+/- 4.429
+/-1% Council tax	+/- 4.429

6.8. The graphic below illustrates the range of sensitivity around the central MTFS forecast shown in **MTFS Table 6**. The graphic indicates that if all upside assumptions occurred, there would be no gap in 2030-31, however if all downside risks materialise, the gap could potentially be well in excess of £650m. The reality is likely to be somewhere around the central forecast, but this provides a sense of the uncertainty linked to potential variation and level of risk over the longer term planning horizon.

MTFS Chart 4: MTFS Gap Sensitivity Analysis



7. Capital strategy and budget

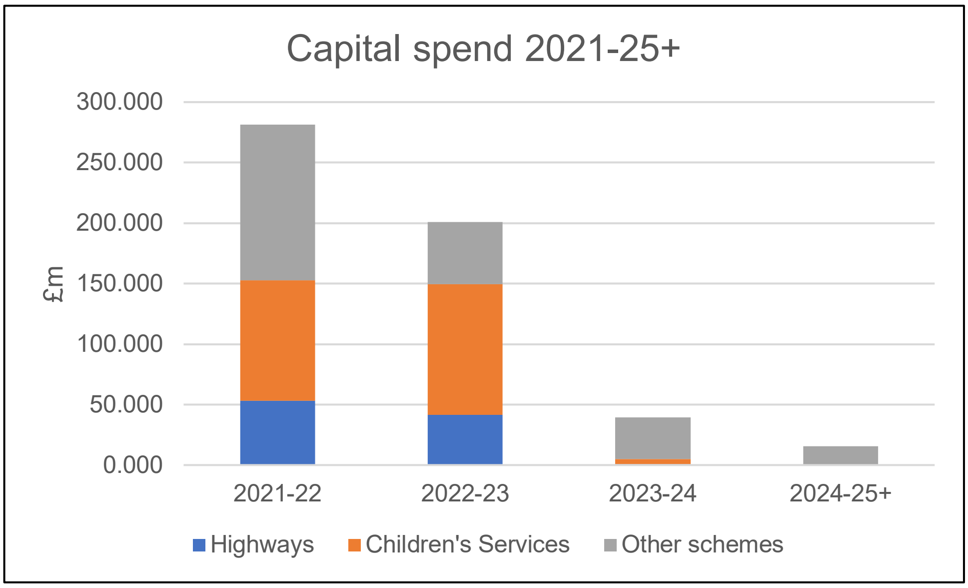
7.1. The Capital Strategy provides a framework for the allocation of resources to support the council's objectives. The capital strategy is intended to:

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

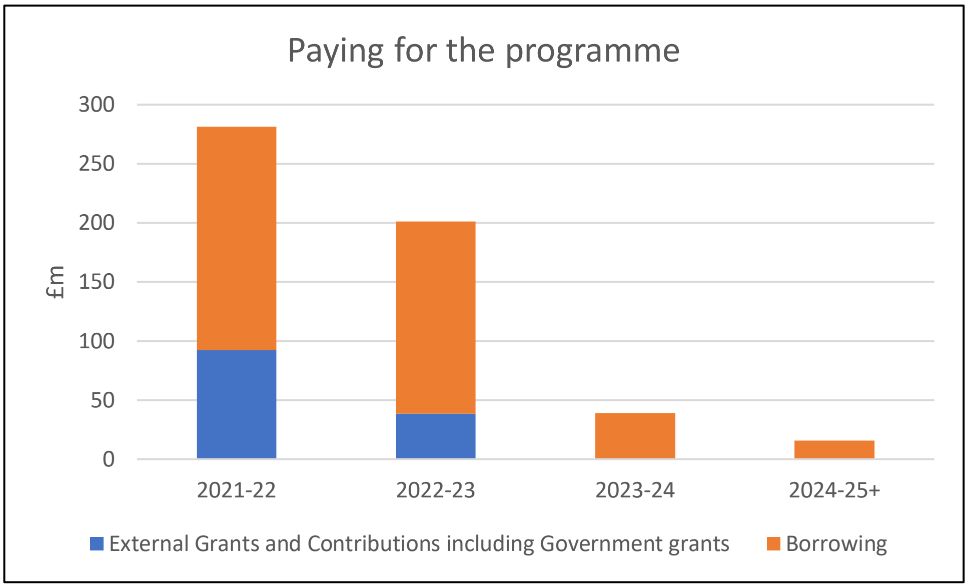
7.2. A proposed capital programme for 2021-25+ of £537.660m is included elsewhere on the agenda.

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

MTFS Chart 5: Capital Programme expenditure 2021-25+



MTFS Chart 6: Capital Programme funding 2021-25+



7.4. The main use of capital receipts over the next three years will be to apply the first £2m directly to the re-payment of debt as it falls due in order to support the revenue budget, and to support costs incurred expanding and maintaining the farms estate. Any surplus will either be retained to support future demands and reduce borrowing or to fund transformation projects as permitted under the flexible use of capital receipts strategy (including service restructuring and demand management). The amount and timing of capital receipts is subject to a great deal of uncertainty, particularly in respect of development land. The programme of potential sales is regularly updated, and the latest forecasts suggest that capital receipts of around £20m are anticipated over the next four years, of which £8.0m is forecast to be directly applied to debt repayments.

County Farms

7.5. The County Farms Estate is managed in accordance with the policy approved by the council in October 2017. Following three recent acquisitions, the size of the estate has been maintained in excess of the minimum 16,000 acres as required under the constitution and now extends to 17,149 acres. The Farms Estate generates circa £2.416m annual rent income for the council and this is projected to rise to £2.440m. After deducting direct landlord's expenditure in maintaining and improving the Estate, and the cost of management there was a net surplus of £1.110m for the financial year 2019-20.

7.6. There is a significant backlog of repairs and maintenance across the Estate which is now being addressed. This has a consequent effect on the Estate's ability to make a more substantial revenue contribution. For example, £96,242 was spent on statutory fixed wire testing and remedial works in 2018-19. The majority of the backlog was cleared during 2019-20 leading to an enhanced revenue yield.

7.7. A programme of planned improvements is continuing to be implemented, funded both from the Capital Programme for larger schemes and from the trading account for revenue improvement schemes. In 2019-20 the estimated expenditure of capital and revenue improvements amounts to just over £1.709m. Revenue repair budget is £0.662m for 2020-21 and the capital budget currently totals £4.166m.

8. Summary

8.1. The Medium Term Financial Strategy sets out details of the high level national and local factors which are considered likely to impact on the council's budget planning over the next four years. It provides information about how the council intends to respond to these challenges and needs to be considered when the County Council makes decisions about the Budget. The MTFS provides an overview of the likely implications of 2021-22 budget decisions for the future years 2022-23 to 2024-25, and outlines the potential longer-term issues facing the council, such as (for example) the further localisation of business rates and the fair funding review.

8.2. The overarching purpose of the Medium Term Financial Strategy is to support the council in developing balanced budget plans over the three year period, and to support this objective a proposed planning timetable for setting a balanced budget for 2022-23 is included within the 2021-22 Revenue Budget report.

8.3. The Medium Term Financial Strategy links closely with the new CIPFA Financial Management Code and as such it is an important component of the authority's financial management framework. In particular, the Medium Term Financial Strategy is one of the tools which supports the council to develop plans which will assist in understanding and maintaining financial resilience in the medium to longer term. The Strategy has been further refined for 2021-22 in order to reflect the implications of COVID-19 and align it with the requirements of the Financial Management Code, alongside its implementation in 2021-22.

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

1. Introduction

1.1. This report sets out the Executive Director of Finance and Commercial Services' statement on the adequacy of provisions and reserves used in the preparation of the County Council's budget. As part of budget reporting to Cabinet and the County Council, the Executive Director of Finance and Commercial Services is required under the Local Government Act 2003 to comment on the adequacy of the proposed financial reserves. Members must consider the level and use of reserves and balances to inform decisions when recommending the revenue budget and capital programme.

1.2. Reserves are an essential part of good financial management and are held to ensure the council can meet unforeseen expenditure and to smooth expenditure across financial years. They enable councils to manage unexpected financial pressures and plan for their future spending commitments. While there is currently no universally defined level for councils' reserves, the reserves a council holds should be proportionate to the scale of its future spending plans and the risks it faces as a consequence of these. Norfolk County Council's policy has been to set limits consistent with the council's risk profile and with the aim that council taxpayer's contributions are not unnecessarily held in provisions or reserves.

1.3. This report sets out the County Council policy for reserves and balances and details the approach to setting a risk assessed framework for calculating a recommended level of general balances. This explicitly identifies the risks, over ten categories, and the quantification of those risks, in arriving at the recommended level. Taking into account the overall position, it is considered that the current level of general balances should be maintained at a minimum proposed level of £19.706m.

1.4. Details of the County Council's other reserves and provisions are also provided alongside an assessment of their purpose and expected usage during 2021-25.

2. Purpose of holding provisions and reserves

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

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

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

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

3. Norfolk County Council Policy on Reserves and Provisions

3.1. **Objective**

3.1.1. The objective of holding provisions, reserves, and general balances is to ensure the council can meet unforeseen or uncertain expenditure, and to meet specific future commitments as they fall due.

3.1.2. The level of provisions and reserves are continually reviewed to ensure that the amounts held are within reasonable limits. Those limits should be consistent with the council's risk profile and should ensure that council taxpayers' contributions are not unnecessarily held in provisions or reserves.

3.2. **Provisions**

3.2.1. Provisions are made for liabilities or losses that are likely to be incurred, or certain to be incurred, but uncertain as to the amounts or the dates on which they will arise. The council complies with the definition of provisions contained within CIPFA's Accounting Code of Practice.

3.2.2. The provision amounts are reported to Cabinet on a regular basis and are continually reviewed to ensure that they are still needed and that they are at the appropriate amount. If necessary, the amount is increased or decreased as circumstances change to ensure that the provisions are not over or understated.

3.3. **Reserves**

3.3.1. The council's reserves consist of the following main categories:

- Earmarked Reserves (Reserves for special purposes or to fund expenditure that has been delayed)
- Local Management of Schools (LMS) reserve
- Dedicated Schools Grant (DSG) reserve
- General balances (Reserves that are not earmarked for a specific purpose)

3.3.2. Further detail of these categories is set out below. The council complies with the definition of reserves contained within CIPFA's Accounting Code of Practice.

3.3.3. Similar to provisions, reserves are reported to Cabinet on a regular basis and are continually reviewed in the context of service specific issues and the council's financing strategy. Reserves are held for revenue and capital purposes. Some reserves, such as general balances, could be used for either capital or revenue purposes, whilst others may be specific e.g. Usable Capital Receipts can only be used for capital purposes.

3.3.4. **Reserves for special purposes or to fund expenditure that has been delayed.**
Reserves can be held for a specific purpose. An example of a reserve is repairs and renewals. Money is set aside to replace equipment on a rolling cycle. This effectively spreads the impact of funding the replacement equipment when the existing equipment is no longer fit for purpose.

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

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

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

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

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

3.3.8. **Provision for Unforeseen Expenditure**
Unforeseen expenditure can be divided into two categories:

- Disasters
- Departmental Overspends

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

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

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

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

3.3.10. **Comparisons with similar organisations**

As part of assessing the minimum level of general balances to be held, comparisons are made with other County Councils. Based on the latest Cabinet monitoring report, the forecast level of general balances at 31 March 2021 is £19.706m, prior to allowing for the revenue budget year end position. The County Council holds balances of 4.6% as a percentage of its net 2020-21 budget (Council Tax Requirement). This percentage can only be used as a guide as each council's circumstances are different. However, the percentage of general balances compared to the net revenue expenditure is below average in comparison to other County Councils, which is 6.9%. In the medium term, the Council aspires to hold a general balance equivalent to 5% of the net Budget.

3.3.11. **Level of financial control within the council**

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

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

In evaluating the level of general balances, as part of producing the 2021-22 Budget, the Executive Director of Finance and Commercial Services has used a framework based on considering all risk areas and then quantifying the risk using the related budget and applying a percentage factor, which will vary according to the assessed level of risk. The total value against each risk provides an estimate of the level of balances required to cover the identified risk and overall provides an assessment of the level of general balances for the County Council.

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

3.3.12. **Minimum Level of General Balances**

Taking all of the above factors into account, the Executive Director of Finance and Commercial Services currently advises that the council holds the following minimum level of general balances for 2021-22 and indicative minimum levels for planning purposes for 2022-23 to 2023-24.

Reserves Table 1: Norfolk County Council general balances requirement

2020-21 (31/03/2021 Forecast)		2021-22	2022-23	2023-24	2024-25
£m		£m	£m	£m	£m
19.706	Assessment of the level of General Balances	19.706	21.206	22.706	24.206

Having considered the adequacy of the overall general fund balance, the Executive Director of Finance and Commercial Services considers that it is not appropriate to make further budget reductions to accommodate an increase in the level of general balances, but having regard to the reserves and balances risk assessment, any additional resources which become available in 2021-22 should be added to the general fund balance wherever possible.

Executive Directors are expected to comply with financial regulations and deliver their services within the budget approved by the County Council and therefore departments are not expected to draw upon the £19.706m.

If the level of general balances is reduced to below the minimum balance, currently £19.706m, the shortfall will need to be replenished as soon as possible or as part of the following year's budget.

4. Current context

4.1. The minimum level of general balances is recommended at £19.706m for 2021-22. The projected actual level at 31 March 2021 is £19.706m, prior to allowing for the revenue budget year end position, which is currently forecasting an underspend of £0.165m (period 9 as per the monitoring report to Cabinet 1 February 2021). Executive Directors are continuing to take action to secure achievement of a balanced outturn position for the year. The budget proposals for 2021-22 do not include any use of general balances. The level of minimum balance is informed by an assessment of the financial risk to which the council is exposed, whilst also taking account of the level of financial controls within the council. Financial management and reporting arrangements are considered to be effective and this has been commented on by the external auditors.

4.2. Norfolk County Council's provisions and reserves are reported to Cabinet on a monthly basis and are subject to continual review. As previously discussed, in comparison with other County Councils, the Council holds a lower than average percentage of general balances and this is borne out by the position shown in the published CIPFA Financial Resilience Index as discussed in further detail in of section 3 Appendix 4.

4.3. In setting the annual budget, a review of the level of reserves is undertaken, alongside any under or overspend in the current year, to determine whether it is possible to release funding to support the following year's budget or whether additional funding is required to increase the level of reserves. That review is informed principally by an assessment of the level of financial risk to which the council is exposed and an assessment of the role of reserves in supporting future spending plans.

4.4. The overall level of general balances needs to be seen also in the context of the earmarked amounts set aside and the council's risk profile. Whilst it is recognised that all county councils carry different financial risk profiles, the position in Norfolk is that the level of its general balances is below that of most other counties. The Executive Director of Finance has therefore **recommended general fund balances are maintained in 2021-22 followed by an increase in general fund balances of £1.500m in future years** and that any additional resources which become available during the year should be added to the general fund balance wherever possible (as set out in further detail in section 6 of Appendix 1). The recommended general balance position for 2021-22 has in particular been set with reference to the Government's response to the COVID-19 pandemic and takes into account the facts that (1) Government has to date provided material levels of financial support to local authorities to enable them to deliver the COVID-19 response and ensure their financial sustainability and (2) the Council has been able to make contributions into earmarked reserves during 2020-21 to seek to ensure that as far as possible sufficient resources are available to meet COVID-19 pressures in 2021-22 (as detailed within the Financial Monitoring report throughout the year and elsewhere on this agenda). As a result, the 2021-22 Budget does not envisage any call on general balances to address COVID-19 pressures and no increase in the level of general balances is required in this regard. The level of cost and other pressures, and therefore the associated Government support required, remains uncertain.

5. Assessment of the level of general balances

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

- Level of savings and transformation. One of the most significant risks continues to be the level of transformation that has to take place across the council to deliver the required budget savings. Risk has been considered as part of the assessment of the robustness of the budget proposals, and reflected in the reprofiling and removal of some savings. The remaining risks will be monitored within and across services as part of the council's ongoing risk management process and mitigating actions will be identified and monitored. Robust financial monitoring controls are in place and additional monitoring of the transformation programme is being undertaken.
- Managing the cost of change. The council will need to budget for the cost of any redundancies necessary to achieve the required budget savings and service restructuring to the extent they are not contained in the budget proposals. The council has a separate redundancy reserve for this purpose.
- The effect of economic and demand changes. There is always some degree of uncertainty over whether the full effects of any economy measures and / or service reductions will be achieved. Whilst the budget process has been prudent in these assumptions and those assumptions, particularly about demand led budgets, should hold true in changing circumstances, an adequate level of general contingency provides extra reassurance the budget will be delivered on target. Changes in the economic climate may also influence certain levels of income to be received at a lower level than previous years.
- Cost of disasters. The Bellwin Scheme of Emergency Financial Assistance to Local Authorities provides assistance in the event of an emergency. In a disaster situation, the council can claim assistance from the Government using the Bellwin rules. Thresholds were set for 2017-18 and mean the council would have to fund emergency costs below £1.164m. Central Government would then

provide 100% grant funding for any eligible expenditure incurred above this amount. Examples of natural disasters eligible for the scheme would include severe flooding and hurricane damage. The Government has not activated the Bellwin scheme in response to the COVID-19 pandemic, opting instead to provide a wider package of measures to support individuals, the public sector (including local authorities) and wider economy.

- Uncertainty arising from the introduction of new legislation or funding arrangements such as the moves towards retention of business rates.
- Risk of changes to the levels of grant funding and factors affecting key income streams such as council tax and business rates.
- Unplanned volume increases in major demand led budgets, particularly in the context of high and accelerating growth.
- The risk of major litigation, both currently and in the future.
- The need to retain a general contingency to provide for any unforeseen circumstances which may arise.
- The need to retain reserves for general day to day cash flow needs.

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

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

Area of risk	Explanation of risk
1) Legislative changes	Key government policy and legislative changes will impact on the council's budget plans. Forecasts have been based on the latest information available but there is risk of variation and there is in particular greater risk in future years, where estimates cannot be based on firm government announcements. Key elements include: • **Government grant:** 2021-22 represents a one year funding allocation. Uncertainty about the outcomes of the Comprehensive Spending Review (CSR), Fair Funding Review (FFR), and 75% Business Rates Retention Scheme (BRRS) means that the council faces a very significant level of uncertainty about funding levels from 2022-23. • **Business Rates:** Council funding is affected by the level of business rates collected. The council receives a share of the combined rates across all Norfolk councils, which helps smooth out any specific peaks and troughs, however the impact on businesses of Covid-19, appeals and applications for relief such as NHS Foundation Trusts can result in significant volatility. • **Council tax base and collection fund:** Council funding is impacted if there is a reduction in the tax base or in the amount collected by the billing authorities. The budget is based on a forecast 0.50% increase in tax base in 2022-23, 0.75% for 2023-24 and 1.00% for 2024-25. The impact of Covid-19 on future tax base remains unknown and so represents a financial risk to budgeted income. • **NHS/Social Care Funding:** The improved Better Care Fund (iBCF) funding represents a mix of recurrent and one-off funding. Detailed information for future years for the Better Care Fund, including any uplifts, is still awaited. Planning assumptions are based on a continuation of the use and level of funding. The provisional Settlement confirmed that existing social care funding of £24.756m plus additionally announced social care funding of £5.587m will also be

Area of risk	Explanation of risk
	provided in 2021-22. The MTFS assumes these will be ongoing, but outcomes of the CSR and FFR are awaited to determine whether this is correct. • **Pay:** The National Living Wage was introduced from 2016-17, starting at £7.20. The rate for 2021-22 has been confirmed as £8.91. Further details are provided in the Statement on the Robustness of Estimates.
2) Inflation	The government has announced it will "temporarily pause headline pay awards for some workforces." Pay rises for front line NHS workers will be maintained and public sector workers earning less than £24,000 will receive a minimum £250 increase. Details of how this will translate to local government pay negotiations remain to be confirmed. Pay inflation has been assumed at 0% for 2021-22 (with a centrally held contingency to mitigate risk) and 3% for 2022-23 to 2024-25. The County Council is currently part of the national agreement and therefore pay awards for 2021-22 onwards will be determined by any agreements reached – negotiations for 2021-22 have not commenced. Every 1% variation in pay amounts to just over £2.5m for the council. There is therefore a risk that pay awards could vary from this assumption over the planning period. Price inflation has been included based on contractual need. There is a risk that inflation will be required during the planning period, even where there is no current contractual element. In addition, many contracts are negotiated post budget agreement and therefore forecast inflation levels may be different in practice. Inflation on fees and charges is set by NCC – a 1% increase has been assumed for 2021-22 and 2% in the following years. However, there is a risk that market forces may require this to be varied during the planning period.
3) Interest rates on borrowing and investment	Budgeted interest earnings on investments are based on guaranteed fixed deposit returns, available instant liquidity rates and market forecasts provided by our Treasury Advisors. Current rates are at historically low levels and are not forecast to increase at any significant pace over the next couple of years. The revenue cost of borrowing is based on the rates of interest payable on the council's existing debt and assumptions in respect of capital expenditure to be funded from borrowing which has yet to be borrowed.
4) Government funding	The provisional Settlement provided only indications for one year of funding allocations in 2021-22, which still remain to be confirmed in the final Local Government Finance Settlement. Uncertainty about the outcomes of the Comprehensive Spending Review (CSR), Fair Funding Review (FFR), and 75% Business Rates Retention Scheme (BRRS) means that the council faces a very significant level of uncertainty about funding levels from 2022-23. A number of issues may also impact on future funding levels: • The effect of Covid-19 on public finances. • The impact of the UK to leaving the European Union and any consequential impact on the national economy, which may have a significant impact on the levels of funding for the public sector at national level.

Area of risk	Explanation of risk
	• The operation of the business rates retention scheme and increased risks to business rates income. • On occasion general issues arise on funding which place the council at risk of clawback. • Key funding for integrated health and social care is via the Department of Health and Social Care and is dependent on the agreement of plans and further information regarding payment by results.
5) Employee related risks	Staffing implications of budget planning proposals have been evaluated and reflected within the financial plans, including the cost of redundancy. However, variations could occur as detailed implementation plans are developed.
6) Volume and demand changes	Many of our largest budgets are demand led and these present long standing areas of risk. Forecasts for social care are based on current outturn predictions and applied to population forecasts. Costs could vary if the population varies, or if the proportion of people either requiring or eligible for care is different to the forecast. Budgets for children looked after and support for vulnerable children take into account the County Council's strategy for minimising the number of children in care. Financial risks include delivery of the strategy and external factors that can lead to an increase in the number of children looked after and/or the complexity of need due to societal changes. Waste forecasts are based on the latest available information. If tonnage levels increase, this will lead to an increased pressure.
7) Budget savings	The Medium Term Financial Strategy includes £47.524m budget savings to be delivered across four years. A full assessment of all proposals has tested the robustness of each saving to minimise the financial risk, however a risk remains that the programme is delivered at a slower rate, or that some savings are not achievable at the planned level. In addition, further savings need to be identified to close the £91.414m funding shortfall between 2022-23 and 2024-25.
8) Insurance and emergency planning provision	Unforeseen events and natural disasters can increase the level of insurance claims faced by the council. The council's insurance arrangements, including actuarial review of the fund, additional provisions for unforeseen and unreported claims, service risk management and emergency planning procedures minimise this risk.
9) Energy, security and resilience	Resilience risks include: • Were a disaster to occur, we must have a reserve in place to pick up the costs that will fall to the council. • Norfolk includes flood risk areas and emergency procedures are in place to manage this. • Resilience of IMT can create a risk that might have financial implications for the council.
10) Financial guarantees /legal exposure	Certain contracts contain obligations that, if not fulfilled, would attract a penalty. The Council has PFI Schemes for street lighting and schools. However, there is no risk to the financing of these schemes at present.

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

Reserves Table 3: General balances calculation

Area of Risk	2021-22			2022-23			2023-24			2024-25		
	Budget	Risk Level	Value	Budget	Risk Level	Value	Budget	Risk Level	Value	Budget	Risk Level	Value
	£m	%	£m	£m	%	£m	£m	%	£m	£m	%	£m
Legislative Changes												
Government Grant (RSG)	39.660	0.00%	0.000	39.660	0.50%	0.196	39.660	0.75%	0.297	39.660	1.00%	0.397
Business Rates	163.096	0.25%	0.408	163.096	0.50%	0.813	163.096	0.50%	0.815	163.096	0.75%	1.223
Council Tax Variation to Base/Collection	439.094	0.25%	1.087	455.976	0.50%	2.280	470.366	0.50%	2.352	485.188	0.50%	2.426
NHS/Social Care Funding	62.057	0.00%	0.000	62.057	1.00%	0.621	62.057	1.00%	0.621	62.057	1.00%	0.621
Apprenticeship Levy	0.946	0.25%	0.002	0.975	1.00%	0.010	1.004	1.00%	0.010	1.034	1.00%	0.010
Landfill Tax - waste recycling (price)	23.978	1.00%	0.240	26.157	1.00%	0.262	28.381	1.00%	0.284	28.948	1.00%	0.289
	728.831		**1.737**	**747.921**		**4.181**	**764.564**		**4.379**	**779.983**		**4.966**
Inflation												
Employees	307.703	0.00%	0.000	314.275	0.25%	0.770	324.312	0.50%	1.622	334.041	0.50%	1.661
Premises	16.795	0.25%	0.041	16.760	0.50%	0.083	16.931	0.50%	0.085	17.269	0.50%	0.086
Transport	66.131	0.25%	0.162	67.347	0.50%	0.333	68.567	0.50%	0.343	69.938	0.50%	0.348
Supplies and Services	110.383	0.50%	0.552	103.914	0.50%	0.514	119.010	0.50%	0.595	121.390	0.50%	0.604
Agency and Contracted	476.365	0.50%	2.382	479.886	0.50%	2.375	487.241	0.50%	2.436	496.986	0.50%	2.471
Income (Fees and charges)	123.588	0.50%	0.618	126.332	0.50%	0.625	129.133	0.50%	0.646	131.716	0.50%	0.655
	1,100.964		**3.755**	**1,108.514**		**4.701**	**1,145.194**		**5.726**	**1,171.341**		**5.824**
Interest Rates												
Borrowing	31.008	0.25%	0.078	32.651	0.25%	0.082	35.553	0.25%	0.089	40.000	1.00%	0.400
Investment	0.336	0.25%	0.001	0.336	0.25%	0.001	0.336	0.25%	0.001	0.336	1.00%	0.003
	31.344		**0.078**	**32.987**		**0.082**	**35.889**		**0.090**	**40.336**		**0.403**
Grants												
Public Health Grant funding	40.630	0.00%	0.000	40.630	0.25%	0.100	40.630	0.50%	0.203	40.630	1.00%	0.406
Other General Fund Grants	21.489	0.25%	0.054	20.027	0.25%	0.049	19.220	0.25%	0.048	19.220	0.50%	0.096
	62.120		**0.054**	**60.657**		**0.149**	**59.851**		**0.251**	**59.851**		**0.502**

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

Area of Risk	2021-22			2022-23			2023-24			2024-25		
	Budget	Risk Level	Value	Budget	Risk Level	Value	Budget	Risk Level	Value	Budget	Risk Level	Value
	£m	%	£m	£m	%	£m	£m	%	£m	£m	%	£m
Employee Related Risks												
Pensions actuarial valuation	15.944	0.00%	0.000	16.591	5.00%	0.830	18.240	5.00%	0.912	20.000	5.00%	1.000
	15.944		**0.000**	**16.591**		**0.830**	**18.240**		**0.912**	**20.000**		**1.000**
Volume / Demand Changes												
Capital Receipts	2.000	5.00%	0.100	2.000	7.50%	0.150	2.000	10.00%	0.200	2.000	10.00%	0.200
Customer and Client Receipts	123.588	0.75%	0.921	126.332	0.75%	0.941	129.133	0.75%	0.962	131.716	0.75%	0.981
Demand Led Budgets (Adult Social Care third party and transfer payments)	363.858	0.75%	2.711	368.270	0.75%	2.744	376.095	0.75%	2.802	383.617	0.75%	2.858
Demand Led Budgets (Children's Services third party and transfer payments)	76.120	0.75%	0.567	71.827	0.75%	0.535	69.748	0.75%	0.523	71.143	0.75%	0.530
Winter Pressures	3.127	10.00%	0.313	3.229	10.00%	0.323	3.283	10.00%	0.328	3.348	10.00%	0.335
Landfill Tax - waste recycling (volume)	23.978	1.00%	0.240	26.157	1.00%	0.262	28.381	1.00%	0.284	28.948	1.00%	0.289
Public Health third party spend	35.845	1.00%	0.358	35.557	1.00%	0.356	34.427	1.00%	0.344	34.427	1.00%	0.344
Social care and Better Care Fund Spend	62.057	1.00%	0.621	62.057	1.00%	0.621	62.057	1.00%	0.621	62.057	1.00%	0.621
	690.572		**5.830**	**695.429**		**5.930**	**705.124**		**6.064**	**717.256**		**6.158**
Budget Savings												
Budget Reductions	41.179	7.50%	3.088	2.245	7.50%	0.168	1.600	7.50%	0.120	2.500	7.50%	0.188
	41.179		**3.088**	**2.245**		**0.168**	**1.600**		**0.120**	**2.500**		**0.188**
Insurance/Public Liability Third Party Claims												
Uninsured Liabilities	0.000		4.000	0.000		4.000	0.000		4.000	0.000		4.000
Bellwin rules	1,163.554	0.10%	1.164	1,163.554	0.10%	1.164	1,163.554	0.10%	1.164	1,163.554	0.10%	1.164
	1,163.554		**5.164**	**1,163.554**		**5.164**	**1,163.554**		**5.164**	**1,163.554**		**5.164**
TOTAL			**19.706**			**21.206**			**22.706**			**24.206**

5.4. The required level of general balances is therefore identified as £19.706m in 2021-22, rising to £24.206m by 2024-25. It is essential in setting a balanced budget that the council has money available in the event of unexpected spending pressures. The “balances” need to reflect spending experience and risks to which the council is exposed.

5.5. The latest budget monitoring position reported to Cabinet forecasts general balances at 31 March 2021 of £19.706m, prior to allowing for the revenue budget end of year position, which is currently forecasting an underspend of £0.165m.

5.6. The increase in the minimum level of risk-based balances needed in the later years of the Medium Term Financial Strategy reflects the increased level of risk around budget assumptions, such as pay awards, where the longer forecasting horizon increases the level of uncertainty, and in particular the increased levels of risk relating to council tax base assumptions and uncertainty about government funding allocations, which add £3.678m to the assessed balance required by 2024-25. The actual level of balance ultimately required will reduce as the planning timeframe shortens and the uncertainty diminishes.

6. Review of Earmarked Reserves and Provisions

6.1. As part of the 2021-22 budget planning process, a detailed review has been undertaken in respect of each of the reserves and provisions held by the council. In general, the earmarked reserves and provisions are considered by the Executive Director of Finance and Commercial Services to be adequate and appropriate to reflect the risks they are intended to cover. However, it is considered that changes could be made to some reserves, due to changing circumstances. Reserves Table 4 summarises the earmarked reserves for each service department. The balances for individual reserves are shown in the subsequent detailed table (Reserves Table 5).

Covid-19

6.2. Funding from one-off grants and underspends has been transferred into departmental business risk reserves to mitigate some of the continuing financial risks arising from the pandemic, affecting both the current forecast position and additional financial pressures for future financial years. The amounts forecast to be transferred to reserves are set out in Reserves Table 5 and details of central government funding announcements, and forecast Covid-19 pressures, are reported in the period 9 monitoring report to Cabinet elsewhere on this agenda.

6.3. In addition to the subsequent balances there will be a carry forward of the Contain Outbreak Management Fund, Test and Trace (Local Outbreak Control) Grant, Clinically Extremely Vulnerable funding, and other Covid-19 specific grant funding to address expenditure arising from the pandemic in specific areas in the next financial year.

Reserves Table 4: Summary of Earmarked Reserves and Provisions 2020-25

Department	**Balance at 31/03/20 £m**	**Forecast at 31/03/21 £m**	**Forecast at 31/03/22 £m**	**Forecast at 31/03/23 £m**	**Forecast at 31/03/24 £m**	**Forecast at 31/03/25 £m**
Adult Social Services	20.291	21.775	10.682	9.407	9.407	9.407
Children's Services	3.707	5.828	1.572	0.785	0.735	0.735
Community and Environmental Services	40.416	41.949	37.173	34.138	31.140	31.140
Strategy and Transformation Directorate	2.089	1.785	1.265	1.265	1.265	1.265
Governance Department	1.759	1.883	0.908	1.233	1.558	1.883
Finance and Commercial Services	3.879	2.866	1.872	1.382	0.911	0.911
Finance General	49.428	33.083	20.710	20.710	20.710	20.710
Total (excluding schools)	**121.570**	**109.168**	**74.181**	**68.919**	**65.725**	**66.050**
Reserves for capital use	1.000	1.000	1.000	1.000	1.000	1.000
Schools	2.399	2.631	2.780	3.167	3.061	3.061
School - LMS	12.361	12.814	7.308	7.308	7.308	7.308
DSG Reserve	-19.703	-30.963	-34.355	-37.012	-44.151	-54.260

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

Reserves Table 5: Detailed table of Reserves and Provisions 2020-25

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024	Forecast Balances 31/03/2025
		£m	£m	£m	£m	£m	£m
Earmarked Reserves							
All Services							
Building Maintenance: This reserve is to ensure that the capital value of the Council's building stock is maintained and facilitates the rolling programme of building maintenance. It also allows NPS Property Consultants Ltd to respond to emergencies by carrying out repairs from day to day and as the need arises.	Expected to be fully utilised by the end of 2020-21.	0.469	0.000	0.000	0.000	0.000	0.000
Information Technology: The reserve is used by multiple services to set aside money for specific IT projects.	The reserve is used by multiple services to set aside money for specific IT projects.	3.437	3.230	2.193	1.693	1.222	1.222
Repairs and Renewals: This fund is to meet the cost of purchasing and repairing specific equipment.	The need for the reserve has changed over time as more equipment is procured via leases. Use of the reserve over the next four years is expected.	3.553	3.512	2.516	2.403	2.347	2.347
Unspent Grants and Contributions: This reserve contains the balances on the council's unconditional grants and contributions.	Mostly grants and contributions which will be used to fund spend over the budget planning period.	18.702	15.866	9.387	6.038	4.568	4.568
		26.162	**22.608**	**14.096**	**10.134**	**8.137**	**8.137**
Adult Social Services							

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

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024	Forecast Balances 31/03/2025
		£m	£m	£m	£m	£m	£m
Business Risk Reserve: Reserves established to manage key risks.	Transfer of one-off impacts in 2020-21 has increased the reserve which will be used to mitigate continuing financial risks including those arising from the Covid-19 pandemic in future years.	4.905	10.361	6.288	6.288	6.288	6.288
Social Care workforce and training: This includes funds to support planned workforce and training projects.	Expected to be fully utilised by the end of 2022-23.	0.360	0.321	0.047	0.000	0.000	0.000
Service Development Reserve: This reserve contains funds set aside to support delivery of Adult Social Services.	Expected to be fully utilised by the end of 2021-22.	1.529	1.855	0.000	0.000	0.000	0.000
		6.794	**12.536**	**6.335**	**6.288**	**6.288**	**6.288**
Children's Services							
Business Risk Reserve: Reserves established to manage key risks.	Transfer of one-off impacts in 2020-21 to mitigate continuing financial risks including those arising from the Covid-19 pandemic in future years.	0.000	3.000	0.000	0.000	0.000	0.000
		0.000	**3.000**	**0.000**	**0.000**	**0.000**	**0.000**
Community and Environmental Services							
Business Risk Reserve: Reserves established to manage key risks.	Transfer of one-off impacts in 2020-21 to mitigate continuing financial risks including those	0.000	1.681	1.681	1.681	1.681	1.681

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024	Forecast Balances 31/03/2025
		£m	£m	£m	£m	£m	£m
	arising from the Covid-19 pandemic in future years. It is likely that some or all of this reserve will be called upon in 2021-22 but actual forecast of use is not known at this stage.						
Flood Reserve: Reserves established to manage response to flooding	Reserve established as part of 2021-22 budget setting. Will be used as required to fund urgent works, repairs, and to enable recommendations from the Flood Investigation Reports	0.000	0.000	1.500	1.500	1.500	1.500
Adult Education Income: The County Council is required to approve a budget for the Adult Education service five to six months in advance of the funding announcement by the Skills Funding Agency. In addition, the Skills Funding Agency can also impose penalties on the service in the event that targets are not met and these are dependent on results assessed at year end. This reserve enables the Council to manage risks associated with potential changes in Skills Funding Agency working.	Some use of this reserve is planned over the budget planning period.	0.742	0.452	0.329	0.306	0.306	0.306
Bus De-registration: This is funding to meet costs associated	This reserve will be drawn upon as required over the period.	0.026	0.022	0.022	0.022	0.022	0.022

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024	Forecast Balances 31/03/2025
		£m	£m	£m	£m	£m	£m
with the commercial deregistration of bus services.							
Demand Responsive Transport: This reserve is to enable pump priming of demand responsive transport services as changes are made in supporting public transport by increasing public transport patronage rather than directly subsidising transport operators.	There is no current planned use of this reserve.	0.004	0.004	0.004	0.004	0.004	0.004
Economic Development and Tourism: This is primarily the Apprenticeship Scheme balance and committed EU project funding.	Funding for apprenticeships and EU Projects are mainly committed over the budget planning period.	2.414	2.620	1.495	0.737	0.000	0.000
Fire Operational/PPE/Clothing: This reserve is to meet variable demands for new operational equipment and personal protective equipment.	The reserve is for items such as hazmat suits and training in dealing with chemicals.	0.310	0.319	0.295	0.273	0.273	0.273
Fire Pensions: This reserve is to smooth higher than anticipated costs due in respect of ill health retirements, injury retirements and retained fire fighters who qualify for the Whole Time Uniformed scheme.	Reserve will be drawn upon as required over the period.	0.089	0.089	0.045	0.045	0.000	0.000

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

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024	Forecast Balances 31/03/2025
		£m	£m	£m	£m	£m	£m
Fire Retained Turnout Payments: This reserve is to meet variable demands from larger incidents and higher than expected turnouts.	There is no current planned use of this reserve.	0.031	0.031	0.031	0.031	0.031	0.031
Highways Maintenance: This reserve enables a wide range of maintenance schemes to be undertaken. An annual amount is transferred to the works budget. The reserve is also used to carry forward balances on the Highways Maintenance Fund.	The balance mainly relates to commuted sums to meet future liabilities. These sums are paid by Developers to cover the additional maintenance work arising from their developments. The profile of use of the reserves reflects the future liabilities and planned general Highways expenditure.	8.140	7.867	7.702	7.537	7.372	7.372
Historic Buildings: This is used to buy and restore historic buildings at risk of being demolished and to make grants towards the restoration of buildings.	This reserve is used as and when required.	0.048	0.026	0.026	0.025	0.025	0.025
Park and Ride: The reserve is for future site works.	There is currently no planned usage of the fund, but it is retained to meet potential necessary site works.	0.012	0.012	0.012	0.012	0.012	0.012
Prevention Fund: This includes a commuted sum from Developers to cover new bus routes and lump sums received from the Government for improvements to bus services.	Some planned usage in 2020-21.	0.352	0.152	0.152	0.152	0.152	0.152

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

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024	Forecast Balances 31/03/2025
		£m	£m	£m	£m	£m	£m
Residual Insurance and Lottery Bids: When a cash settlement was agreed with our insurers in respect of the library fire the proceeds were paid into an earmarked reserve. Subsequent costs have been funded from this source, and outstanding costs for buildings and books have been transferred to earmarked reserves. A few issues remain outstanding (e.g. Records conservation).	The reserve incorporates externally funded grants earmarked towards projects. Included within this are sums required to complete the conservation of damaged documents. The timings for use of this reserve are not yet known.	0.128	0.081	0.081	0.081	0.081	0.081
Road Safety: This reserve reflects the surplus resulting from Speed Awareness Courses run by the council on behalf of the Police, to be reinvested within Road Safety.	There is currently no planned use of this reserve.	0.207	0.207	0.207	0.207	0.207	0.207
Street Lighting PFI Sinking Fund: This reserve has been created as a result of the Street Lighting PFI scheme and reflects receipt of government PFI grant and contributions which will be needed in future financial years to meet contract payments.	Reductions in the level of this reserve are expected over the next four years.	4.891	4.387	2.500	1.996	1.492	1.492
Waste Management Partnership Fund: This reserve is for waste management initiatives.	Expected to be fully utilised by the end of 2022-23.	0.852	0.353	0.047	0.000	0.000	0.000

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

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024	Forecast Balances 31/03/2025
		£m	£m	£m	£m	£m	£m
		18.246	**18.303**	**16.130**	**14.609**	**13.159**	**13.159**
Strategy and Transformation Directorate							
Strategic Ambitions Reserve: This reserve supports the council in achieving its aspirations and strategic ambitions for Norfolk.	Expected to be fully utilised by the end of 2021-22.	0.255	0.162	0.000	0.000	0.000	0.000
		0.255	**0.162**	**0.000**	**0.000**	**0.000**	**0.000**
Governance Department							
NPLaw: This reserve has been created to support the development and increased activities of the business and smooth variations in trading.	The reserve has been built up from Nplaw Trading and as such belongs to the Partners of the scheme.	0.458	0.339	0.339	0.339	0.339	0.339
Election Reserve: This is to cover the cost of holding County Council elections.	Regular ongoing contributions to the reserve are planned each year. The reserve will be used for the next election and will then be built up again. Usage will be dependent on the timing of elections in 2021.	0.650	0.975	0.000	0.325	0.650	0.975
		1.108	**1.314**	**0.339**	**0.664**	**0.989**	**1.314**
Finance and Commercial Services							
Archive Centre Sinking Fund: This reserve is to maintain the Archive Centre in accordance with a lease agreement between	There is no current planned use of this reserve.	0.259	0.269	0.279	0.289	0.289	0.289

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024	Forecast Balances 31/03/2025
		£m	£m	£m	£m	£m	£m
the County Council and the University of East Anglia.							
County Farms: This reserve is to hold income related to the County Farms estate.	Expected to be fully utilised by the end of 2020-21.	0.513	0.000	0.000	0.000	0.000	0.000
		0.772	**0.269**	**0.279**	**0.289**	**0.289**	**0.289**
Finance General							
Business Risk Reserve: Reserves established to manage key risks.	To be used to support delivery future year budgets.	9.768	10.310	8.045	8.045	8.045	8.045
Corporate Covid Risk Reserve: Reserves established to hold funding for Covid related expenditure	Government grant funding held in reserve at the end of 2019-20 and 2020-21 to be utilised in the following financial years.	26.799	9.108	0.000	0.000	0.000	0.000
Insurance Reserve: This reserve reflects monies set aside for future potential insurance liabilities that are in excess of those provided for in the Insurance Provision.	Balance reviewed in the 2021-22 budget.	1.165	1.165	0.665	0.665	0.665	0.665

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024	Forecast Balances 31/03/2025
		£m	£m	£m	£m	£m	£m
Organisational Change and Redundancy Reserve: This reserve was created to provide one-off funding to support and invest in transformational change e.g. change initiatives such as Workstyle and to fund redundancy costs.	The timing of when the reserve is used is dependent upon future events and it is expected it will be mainly used to fund redundancy costs.	3.174	3.886	2.849	2.849	2.849	2.849
		40.907	**24.470**	**11.560**	**11.560**	**11.560**	**11.560**
Non-Schools Total		**94.243**	**82.662**	**48.740**	**43.545**	**40.422**	**40.747**
Reserves for Capital Use							
Usable Capital Receipts		1.000	1.000	1.000	1.000	1.000	1.000
Schools Reserves							
LMS Balances: This reserve represents estimated surpluses and deficits against delegated budgets for locally managed schools. These funds are retained for schools in accordance with the LMS arrangements approved by the DfE and are not available to the Council for general use.	The future usage will be part of individual school's financial plans.	12.361	12.814	7.308	7.308	7.308	7.308

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024	Forecast Balances 31/03/2025
		£m	£m	£m	£m	£m	£m
Children's Services Education Equalisation: To fund the variance in the number of Home to School/College Transport and School Catering days in a financial year as a result of the varying dates of Easter holidays.	Expected to be required and used in 2021-22 and future years' balances will be dependent upon the dates of future school years.	0.750	0.750	0.542	0.750	0.750	0.750
Norwich Schools PFI Sinking Fund: This reserve has been created as a result of the Norwich Schools PFI scheme and reflects receipt of government PFI grant and schools contributions which will be needed in future financial years to meet contract payments.	Some use of reserve expected in 2021-22. The reserve will then be replenished over the planning period.	0.212	0.444	0.324	0.503	0.647	0.647
Building Maintenance: This is money put aside to spend on building maintenance of schools.	Reserve balances ate reviewed and utilised as required.	0.801	0.801	1.279	1.279	1.029	1.029
Schools Sickness Insurance: This reserve is a mutual insurance scheme operated on behalf of schools.	Use of the reserve will depend upon the demand of member schools.	0.059	0.059	0.059	0.059	0.059	0.059
Schools Non-Partnership maintenance fund: This reserve is held on behalf of schools for building maintenance activities.	The future usage will be part of individual school's financial plans.	0.548	0.548	0.548	0.548	0.548	0.548

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

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024	Forecast Balances 31/03/2025
		£m	£m	£m	£m	£m	£m
School playing surface sinking fund: This reserve is to maintain and replace the astro turf playing surface at schools in accordance with a lease agreement between the schools' governing body and the County Council.	In line with lease agreement.	0.029	0.029	0.029	0.029	0.029	0.029
Schools Total		**14.760**	**15.445**	**10.088**	**10.475**	**10.369**	**10.369**
DSG Reserve: DSG is a ring-fenced grant, provided outside the local government finance settlement. The reserve represents the cumulative position of the ringfenced funding provided by the Department for Education.	The DSG deficit arises from the historic underfunding of the High Needs Block which supports high needs places in state special schools, independent schools and Alternative Provision as well as high needs provision in mainstream schools. The level of the deficit reflects our current forecasts.	-19.703	-30.963	-34.355	-37.012	-44.151	-54.260
Provisions							
Adult Social Services							
Provision for doubtful debts: A provision to cover bad debts.	This provision will change as bad debts are reviewed during the year, although the timing of this use cannot be predicted. A significant proportion is for specific debts with an element for general service-user related debts.	3.743	3.186	2.186	2.186	2.186	2.186

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

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2020	Forecast Balances 31/03/2021	Forecast Balances 31/03/2022	Forecast Balances 31/03/2023	Forecast Balances 31/03/2024	Forecast Balances 31/03/2025
		£m	£m	£m	£m	£m	£m
Children's Services							
Provision for doubtful debts: A provision to cover bad debts.	This provision will change as bad debts are reviewed during the year, although the timing of this use cannot be predicted.	0.899	0.664	0.664	0.664	0.664	0.664
Community and Environmental Services							
Closed landfill long term impairment provision: Provision created to fund long term impairment costs arising from Closed Landfill sites, as per Government legislation and External Audit recommendation.	This is required to cover the legal requirements, but there is currently no specific call on the provision identified. A fixed amount from revenue is released each year to cover impairment costs.	12.647	12.647	12.582	12.515	12.444	12.444
Fire Service: This provision is held to meet variations on Fire Service staffing costs.	There is no current specific requirement for the use of this provision.	0.048	0.048	0.048	0.048	0.048	0.048
Finance General							
Insurance: Provision for insurance claims.	Contractual commitment based on reported claims and provision for incurred but unreported claims.	9.961	9.961	9.961	9.961	9.961	9.961
Redundancy: A provision to meet redundancy and pension strain costs.	This provision is forecast to be used in full in 2020-21.	0.028	0.000	0.000	0.000	0.000	0.000
Non-Schools Provisions Total		**27.326**	**26.506**	**25.441**	**25.374**	**25.303**	**25.303**

6.4. The planned change in total non-school's reserves is a reduction of 43.0% over five years as shown in the following table.

Reserves Table 6: Change in reserves 2020-25

	March 31, 2020	March 31, 2025	Reduction %
	£m	£m	
General Balances	19.706	24.206	
Earmarked Reserves	94.243	40.747	
Total	**113.949**	**64.953**	**43.0%**
The comparative figures for last year were:			
	March 31, 2019	**March 31, 2024**	**Reduction %**
General Balances	19.623	26.431	
Earmarked Reserves	69.086	28.678	
Total	**88.709**	**55.109**	**37.9%**

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

6.6. It should be noted that the Department for Education (DfE) consulted in November 2018[63] on proposals to require local authorities to report DSG reserves or deficits as a separate ring-fenced reserve in annual returns. What this meant for local authorities was that DSG deficits do not need to be covered by an equivalent amount in local authorities' general reserves. Consequently, new lines were added to the 2018-19 RO returns and local authorities are now expected to state their cumulative DSG deficit every year. In October 2019, the government consulted again[64] to clarify that DSG is a ring fenced grant separate from other general local authority funding. This consultation emphasised that the "*Government's intention is that DSG deficits should not be covered from general funds but that over time they should be recovered from DSG income. No timescale has been set for the length of this process.*"

6.7. The DSG deficit arises from the historic underfunding of the High Needs Block (HNB) which supports high needs places in state special schools, independent schools, and Alternative Provision. Norfolk is currently carrying an outstanding DSG deficit from previous financial years, with a forecast £34.355m deficit forecast for the end of 2021-22. On the basis of the accounting treatment proposed by government, this deficit DSG reserve position is not reflected in the reserve balances presented within this report but is included for completeness within the detailed Reserves Table 4 above.

[63] *Consultation on the implementation of new arrangements for reporting deficits of the dedicated schools grant*, Department for Education, 12 November 2018: https://www.gov.uk/government/publications/esfa-update-14-november-2018/esfa-update-local-authorities-14-november-2018#information-consultation-on-the-new-arrangements-for-reporting-deficits-of-the-dedicated-schools-grant-dsg

[64] https://consult.education.gov.uk/funding-policy-unit/revised-arrangements-for-the-dsg/

7. Summary

7.1. Members could choose to agree different levels of reserves and balances, which could increase or decrease the level of risk in setting the revenue and capital budget. This would change both the risk assessment for the budget and the recommended level of balances.

7.2. The proposed level of reserves and balances set out in this report is considered to provide a prudent and robust basis for the Revenue Budget 2021-22 and will ensure the Council has adequate financial reserves to manage the delivery of services and the proposed savings in the financial years covered by the associated Medium Term Financial Strategy.

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

1. Introduction

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

2. Approach to providing assurance on robustness of estimates

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

2.2. The requirement to report on the robustness of estimates has been met through key budget planning processes during 2020-21, including:

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

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

3. CIPFA Financial Resilience Index and Financial Management Code

3.1. As set out in the Revenue Budget report (Appendix 1), CIPFA has published a Financial Resilience Index[65] which sits alongside the new Financial Management Code (FM Code). Although CIPFA has not yet updated the index with 2019-20 data, both of these have helped to inform the council's 2021-22 budget setting process and the Executive Director of Finance has referred to the range of indicators shown in the index, and the requirements of the FM Code, in order to reach his conclusions on the robustness of estimate statement for 2021-22.

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

- Norfolk holds a comparatively **low level of reserves**.
- Norfolk has a relatively **high level of gross external debt**.
- Norfolk **spends a relatively high proportion** of its net revenue budget[66] **on social care** (for both Adults and Children).
- Council tax funds a relatively low proportion of net revenue expenditure (i.e. the council is **relatively more reliant on government grant**). This is linked to the relatively low tax base in Norfolk (a higher proportion of lower-banded properties compared to the England average).
- Norfolk **experiences relatively limited growth in business rates** income above the Business Rates Baseline.

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

3.4. The council is well aware of the key financial risks that it faces, reporting on them regularly to members as part of both financial monitoring and within the council's risk register. All risks are kept under ongoing review. In addition, the council has taken a

[65] https://www.cipfa.org/services/financial-resilience-index/financial-resilience

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

number of steps to minimise these risks and ensure that it remains financially resilient in the short to medium term. Actions have included:

- Regularly communicating financial pressures and risks to key stakeholders including to government as part of consultation responses and other lobbying activity.
- Fully engaging with Government as part of the COVID-19 response including reporting requirements to identify financial pressures and maximise financial resources available to support Norfolk as a whole
- Making difficult decisions locally in order to maximise income and minimise cost pressures (for example, raising council tax and the adult social care precept, implementing difficult savings) to do everything in its power to protect its financial position.
- Submitting responses to consultations including those on the 2020 Spending Review, provisional Settlement and reviews of Business Rates, to seek to maximise the funding available for rural shire counties.
- Working with District Councils to reach a consensus position to suspend Business Rates pooling in 2021-22 in order to minimise exposure to significant financial risks for Norfolk local authorities as a whole.
- Providing for budget pressures in Adults and Children's social care as a priority, while recognising that the system as a whole is not sustainable in the long term and a national funding solution is required.
- Considering and responding as appropriate to the value for money findings of external audit and the findings in relation to financial management from the LGA peer review undertaken in October 2019.
- Ongoing budget-setting work for 2021-22 to set a robust, balanced budget, and regular monitoring of the 2020-21 position including capital and treasury management.
- Annually undertaking a risk-based assessment of the level of general balances required and agreeing the Reserves policy.

3.5. The council keeps its financial position under careful review, and in 2021-22 will be looking in particular at any further actions needed to enhance compliance with the new CIPFA Financial Management code. The council's self-assessment of the current extent of compliance is set out within the Revenue Budget report (Appendix 1).

4. Risk Assessment of Estimates

4.1. The council manages risk registers corporately, for each service and for key projects. These incorporate all types of risk, including financial. In addition, a formal risk assessment has been undertaken of the revenue budget estimates in order to support the recommendation of the level of general balances. This risk assessment is detailed in the Statement on the Adequacy of Provisions and Reserves 2021-25 report (Appendix 4).

4.2. Budget proposals and emerging pressures were reported to Cabinet in October, along with identified key risks associated with these. This enables Members to assess the risk associated with achievability of the savings identified and supports consideration now of the overall robustness of the budget plans for 2021-22.

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

- **Covid-19:** normal operations have been severely disrupted and although considerable uncertainty remains, it is likely that this disruption, and additional costs, will endure well into 2021-22. The adequacy of Government financial support for this is a key area of risk.
- **Local sources of income:** In relation to council tax and business rates, District Council forecast figures are to be confirmed 31 January 2021;
- **Government funding:** The final 2021-22 settlement has not yet been published, meaning that some uncertainty remains about next year's allocations, as discussed in detail elsewhere. In addition, significant reforms to key government grant funding are anticipated in the delayed Fair Funding Review and there is major uncertainty about plans for 75% Business Rates Retention from 2022-23. A list of revenue grants is included within Table 9 of the Revenue Budget 2021-22 report (Appendix 1);
- **General pay and prices:** Inflationary pressures affecting the council's contracted spend and uncertainty about the level of future pay awards;
- **Adult Social Services:** Managing increased demand for services and complexity of need, and facilitating adequate investment to deliver financially sustainable service provision;
- **Children looked after:** Meeting the challenge of delivering improvements within Children's Services to achieve both better outcomes and financial sustainability within the service, whilst also dealing with increased demand and complexity of needs;
- **High Needs Block (HNB):** Managing increased demand for high needs places in state special schools, independent schools, and Alternative Provision which currently represent a shortfall in funding within Dedicated Schools Grant (DSG). Although the Government has now prescribed an accounting treatment for the DSG deficit and confirmed that there is no expectation for local government to fund the DSG from council resources, this position is not guaranteed and will remain a subject of scrutiny for External Auditors. If the council is unsuccessful in resolving the DSG deficit position over the medium term, the pressures and level of forecast overspend are such that it could represent a very real threat to the overall financial viability of the whole council. The position of the DSG budget in future years will therefore continue to have a very significant bearing on the Executive Director of Finance and Commercial Services' judgement about the council's financial resilience and the robustness of its Budget.
- **Major capital schemes:** These include the **Great Yarmouth Third River Crossing, Norwich Western Link, Better Broadband, and the investment in specialist school places and services**, all of which are significant capital projects required to be met within planned capital funding; and
- **Organisational Change:** Managing significant transformation and staffing changes, including the delivery of planned business transformation and smarter working savings, and the realisation of expected savings from the replacement of the HR and Finance system.

4.4. The budget estimates span a four year period, 2021-25, and whilst forecast using the best available information, the planning assumptions and forecasts for future years will necessarily be based on less robust data and known factors. This is particularly exaggerated in 2022-23 for the reasons set out in more detail in the Revenue Budget report and Medium Term Financial Strategy. As part of the ongoing budget planning and monitoring cycle, these assumptions and emerging state of affairs are reviewed allowing the development of more detailed planning for the next financial years and revised medium term financial plans.

5. Robustness of Revenue Estimates

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

5.2. During July, September and December 2020, Cabinet members and Executive Directors undertook budget challenge sessions to consider budget plans and spending proposals. This provided an opportunity to evaluate initial proposals, risks arising from savings proposals, and emerging planning issues for services. The most significant spending implications affecting the Council continue to relate to Adults and Children's Services, and in particular:

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

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

5.4. Budget planning for 2021-22 has included extensive work to review the deliverability of savings and understand service pressures. As a result, the 2021-22 Budget sees a significant investment in Departmental budgets through both the removal of previously planned savings, to provide assurance about the robustness of the revenue budget and the deliverability of savings. This represents the net removal or delay of £13.063m previous budget round savings from next year's budget.

5.5. The Council's budget planning assumes that any undeliverable savings have been removed in the exercise detailed above and therefore that all the remaining savings included for 2021-22 are deliverable.

5.6. The table below shows the current budget position and the following three years based on the recommendations set out in the Revenue Budget report (Appendix 1) and the current budget forecast for 2020-21. The Medium Term Financial Strategy does not reflect plans to fully meet the funding shortfall between 2022-23 to 2024-25. As part of developing the budget for future years, work will continue to identify further proposals for service provision in order to identify ways to address these deficits in future years. The Revenue Budget report sets out in section 6 details of the assumptions which inform the Section 151 Officer's judgement of the robustness of estimates and in particular confirms that **early planning to address the 2022-23 Budget gap will be essential along with the production of a realistic plan for reducing the budget requirement** in future years through robust saving proposals, or the reduction of currently identified pressures.

Robustness Table 1: Forecast Budget Deficit 2020-21 to 2024-25

	2020-21 (Period 9 forecast)	2021-22 Budget	2022-23 Budget	2023-24 Budget	2024-25 Budget
	£m	£m	£m	£m	£m
Forecast outturn budget deficit	-0.165	0.000	38.868	29.495	23.051

5.7. Work is underway by Executive Directors and budget holders to deliver a balanced outturn position at year end as reported in period 9 Financial Monitoring report which currently forecasts that the outturn position will be an underspend of £0.165m at year-end. The non-delivery of unachievable future year savings from the 2020-24 budget round has been addressed as part of the 2021-22 budget process, however 2020-21 savings which have not been achieved in-year due to timing delays are assumed to be delivered in 2021-22.

5.8. The factors and budget assumptions used in developing the 2021-25 budget estimates are detailed over sixteen headings, including drivers of growth, savings and other planning assumptions and set out below.

Robustness Table 2: Summary of budget assumptions and approach

Budget Assumption	Explanation of financial forecast and approach
Growth Pressures	
1) Inflation	Pay inflation has been assumed at 0% for 2021-22 (with a central provision held to mitigate risk of an increase up to 2%) and 3% for 2022-23 to 2024-25. The County Council is currently part of the national agreement and therefore pay awards for 2021-22 onwards will be influenced by any agreements reached – negotiations for 2021-22 have not commenced at the time of preparing the Budget. Every 1% variation in pay amounts to just over £2.5m for the council. There is therefore a risk that pay awards could vary from this assumption over the planning period, and particularly in 2021-22. Pensions – The 2019 actuarial valuation of the pension fund has set the employer contribution rates from 1 April 2020 at 15.5% (unchanged) plus a lump sum for each of the three years 2020-23.

Budget Assumption	Explanation of financial forecast and approach
	Price Inflation is provided where a contractual increase is required. This is at the contractual rate where appropriate, or at the forecast rate for CPI.
2) Demand and Demographics	There are three key areas where demand and demographic pressures have a significant impact on the council's budget planning: • Gross demographic pressures in Adult Social Care totalling £6.100m reflecting rising demand for services as people live longer and transition of service users from Children's Services to adult social care. • Gross demand pressures of £5.117m in Children's Services reflecting additional costs including increasing demand and complexity of need for children looked after, keeping children safe at home and care leavers, alongside home to school transport pressures, particularly for children with special educational needs and disabilities. • Demand and demographic pressures from increased waste tonnage.
3) Legislative changes	The budget estimates include the following assumptions with regard to current and future legislative changes: • The Government implemented a National Living Wage (NLW) from 2016-17, starting at £7.20. In April 2021 it was increased to £8.91[67]. The exact level at which the National Living Wage will be set in future years has therefore not been confirmed. Although assumed cost pressures relating to the National Living Wage have been included in budgets, there is a risk these could diverge in future. • Cost pressures assuming an increase above the core price inflation for pay and price market pressures have been included. • Cost pressures have been included associated with the increased income received for the Improved Better Care Fund.
4) Policy decisions	The 2021-22 budget includes: • £6.954m to address pressures in Adult Social Services; • £4.676m to address pressures in Community and Environmental Services, including Waste unit costs, funding for Flooding response activities and Highways; and • £0.458m to support Governance.
5) Interest Rates	Budgeted interest earnings on investments are based on guaranteed fixed deposit returns, available instant liquidity rates and market forecasts provided by the council's Treasury Advisors.
Savings	
6) Income	Inflationary increases to fees and charges have been included within the budget proposals where appropriate. Other changes to income either through expected reductions in income, or initiatives to increase income generation, are reported as individual budget proposals.
7) Savings	Savings have been identified across all services and range from productivity efficiency savings, to reductions in service provision. All managers are responsible for ensuring that proposed savings are robust and delivered in accordance with plans. Measures throughout the planning process have supported review and challenge of the deliverability of savings and where appropriate a number of savings have been removed or re-profiled to later years.

[67] https://www.gov.uk/government/news/national-living-wage-increase-to-protect-workers-living-standards

Appendix 4: Norfolk County Council Statement on the Robustness of Estimates 2021-22 to 2024-25

Budget Assumption	Explanation of financial forecast and approach
	Changes or delays in delivering savings will result in variance to the budget and as such savings will be closely tracked throughout the year as part of the budget monitoring process and reported to Cabinet, with management actions identified as necessary.
Other Planning assumptions	
8) Funding changes	The provisional Settlement provided only indications for one year of funding allocations in 2021-22, which remain to be confirmed in the final Local Government Finance Settlement. Uncertainty about the outcomes (and indeed in some cases progress) of the Comprehensive Spending Review (CSR), Fair Funding Review (FFR), and 75% Business Rates Retention Scheme (BRRS) means that the council faces a very significant level of uncertainty about funding levels from 2022-23. The provisional Settlement confirmed that existing social care funding of £24.756m plus additionally announced social care funding of £5.587m will also be provided in 2021-22. The MTFS assumes these will be ongoing, but outcomes of the CSR and FFR are awaited to determine whether this is correct The Revenue Budget report sets out the detail of key grants and highlights that many key areas of funding are yet to be confirmed for 2021-22. In relation to schools, funding is provided through the Dedicated Schools Grant (DSG) and Pupil Premium, which is paid to the County Council and passed on to schools in accordance with the agreed formula allocation. It is assumed that all school pay and prices inflationary pressures will be absorbed within the DSG allocation. Norfolk faces severe pressures on High Needs Block (HNB) funding within DSG and submitted a disapplication request in respect of the Dedicated Schools Grant (DSG) for 2021-22 for 1% transfer in addition to the 0.5% transfer from the Schools Block (SB) to the HNB agreed by Schools Forum on 13 November 2020. The Council was notified on the 18 January 2021 that this request to the Secretary of State has been declined. The council is required to have a plan in place for recovery of the DSG. Norfolk's plan has been presented to the DfE as well as to Schools Forum and the latest version is included in the Dedicated Schools Grant Budget report elsewhere on this agenda. The accounting treatment for DSG cumulative deficits allows councils to carry a negative balance on these reserves. This treatment is dictated by Government but potentially remains a significant issue and will result in a material deficit balance in the council's Statement of Accounts until the DSG recovery plan has been delivered.
9) Financial risks inherent in any significant new funding partnerships; major contracts or major capital developments	Financial risks are included within the assessment of the level of general balances. The financial risks arising from major capital schemes such as the Great Yarmouth Third River Crossing, Norwich Western Link and investment in specialist school places continue to be closely monitored and reflected within the County Council's capital budget proposals.
10) Availability of funds to deal with major contingencies	All provisions and earmarked reserves have been reviewed to test their adequacy and continued need. A risk assessment of the level of general balances has been undertaken and the budget reflects the assessed level

Budget Assumption	Explanation of financial forecast and approach
	of balances required. The council also has recourse to the Bellwin scheme in the event of disasters or emergencies.
11) Overall financial standing of the authority	The council's treasury management activity manages both short term cash to provide security, liquidity and yield, and the council's longer term borrowing needs to fund capital expenditure through either long term borrowing or the utilisation of temporary cash resources pending long term borrowing. In accordance with the approved strategy, the council currently continues to borrow for capital purposes, while using cash balances on a temporary basis to avoid the cost of 'carrying' debt in the short term. At 30 November 2020, the council's outstanding debt totalled £702m. The council continues to maintain its total gross borrowing level within its Authorised Limit of £1,067m (prudential indicators) for 2020-21. The Authorised Limit being the affordable borrowing limit required by section 3 of the Local Government Act 2003. There are a number of treasury related indicators to restrict treasury activity within certain limits and manage risk. These include maturity profile of debt; and investments greater than 365 days. Monitoring is reported regularly to Cabinet on an exception basis. The council's treasury management activities are regularly benchmarked against those of other local authorities. The County Council has upper quartile investment performance; is cost effective; pays comparable rates of interest on its debt; and is effective at managing risk. At the end of November 2020 (Period 8), the council's cash balances stood at £200m.
12) The authority's track record in budget and financial management	As at the end of December 2020 (Period 9) the 2020-21 revenue budget is forecast to underspend by £0.165m on a net budget of £430.421m (gross £1.446bn). Executive Directors are working to deliver a balanced outturn position at year-end. Ernst and Young, the council's external auditor, has issued an unqualified opinion on the 2019-20 accounts and concluded that the council made appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.[68]
13) The authority's capacity to manage in-year budget pressures	The level of general balances is assessed as part of the budget setting process, reviewed monthly and reported to Cabinet as part of the regular monitoring process. Review and challenge improves the accuracy of budget estimates, which aims to support management and the early identification of budget issues. The regular reporting of risk and monitoring of mitigating actions supports in-year budget management.
14) The strength of the financial information and reporting arrangements	Information on budget and actual spend is reported publicly and monitoring reports are published regularly throughout the year. The reports are on a risk basis, so that attention is concentrated on what is most important.
15) The end of year procedures in relation to budget	Guidance on end of year procedures is reported annually and arrangements are monitored. Detailed year-end financial information is reported alongside

[68] https://www.norfolk.gov.uk/what-we-do-and-how-we-work/our-budget-and-council-tax/statement-of-accounts

Budget Assumption	Explanation of financial forecast and approach
under/overspends at authority and departmental level	services' performance monitoring. The proposed year end arrangements will be reported to Cabinet for approval.
16) The authority's insurance arrangements to cover major unforeseen risks	The County Council has a mix of self-insurance and tendered insurance arrangements. Premiums are set on an annual basis and reflected within the budget planning. Premiums are subject to annual variance due to external factors and internal performance, risk and claims management. General balances include assessment of financial risk from uninsured liabilities.

6. Robustness of capital estimates

6.1. As with the revenue budget, the capital programme is designed to address the authority's key priorities, including schemes which will help transform the way in which services are provided. To this end, the programme is prepared on the basis of a number of factors, including previously agreed projects, spend to save proposals, and infrastructure and property requirements.

6.2. Projects are costed using professional advice relative to the size and nature of the scheme. Where appropriate, a contingency allowance is included in cost estimates to cover unavoidable and unforeseeable costs. The programme is guided by a simple prioritisation model: schemes that score less than that achieved by the repayment of debt represent bad value for money. In this way, the Council will achieve the most economic use of its scarce capital resources.

6.3. The largest on-going capital programmes relate to transport infrastructure and schools. In both cases there is significant member involvement through Cabinet. For other large projects, appropriate oversight is put in place.

6.4. An estimate of potential capital receipts is made each year. The actual level of receipt in any one financial year can never be forecast in advance with any degree of certainty due to market conditions and interest from purchasers and reduced receipts may result in fewer capital projects going ahead or additional future revenue costs.

6.5. The risks associated with having to fund large unforeseen programme variations are addressed mainly as a result of the Council being able to amend the timing of projects between years. The ability to re-profile projects between years does not result in a significant funding risk because the vast majority of funding is not time-bound, although there are inflationary risks which have to be considered.

7. Summary

7.1. This appendix sets out details of the assessment of the robustness of the estimates used in preparing the proposed revenue and capital budget. There are no direct resource implications arising from this report, but it provides information and details of the assumptions used to support the Executive Director of Finance and Commercial Services' statement on the Robustness of the Estimates and provides assurances to Members prior to recommending and agreeing the revenue and capital budgets and plans for 2021-25.

7.2. Members could choose to agree different assumptions and therefore increase or reduce the level of financial risk in setting the revenue and capital budgets. This would potentially change the risk assessment for the budget and the recommended level of general balances held.

2021-22 Budget Consultation report

1. Background

As required, and in line with previous years, Norfolk County Council has conducted an annual budget consultation for financial year 2021-22. This Budget Consultation was open between 26 October and 14 December 2020, and sought views from the public and stakeholders on the level of council tax, including the adult social care precept. We also invited comments on the council's budget approach and proposals. In particular, the consultation asked for views on our proposals to:

- increase Norfolk County Council's share of general council tax by 1.99% in 2021-22
- raise the adult social care precept by 2% in 2021-22
- raise either council tax or social care precept by more if permissible
- reduce the summer opening hours for recycling centres by one hour
- reduce the frequency of grass cutting on roadside verges in urban and rural areas

No other outline budget proposals needed to go out to further public consultation as none are deemed to directly impact on service delivery. However, if it is apparent, once the budget is agreed and the Council starts to implement the proposals, that any of the proposals do impact on delivering services, then we may need to carry out detailed consultation on those proposals in the future.

2. Methodology

An online consultation was developed which ran for seven weeks, closing on the 14 December 2020. This was hosted on the County Council's Citizen Space consultation hub. Paper copies, large print copies and Easy Read copies were available to download from the online portal, and also available on request by email and phone (with a Freepost returns process in place).

People could choose which proposals they wanted to comment on, so not all respondents answered all questions. Some people also indicated that they did not want their comments made public in which case their feedback is integrated but no related verbatim commentary included.

3. Promotion

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

- Press releases to all media partners/channels across Norfolk
- Social media promotion on Twitter, Facebook, LinkedIn, NextDoor
- Members briefing to all NCC councillors
- NCC Managers briefing (cascaded to enable/encourage staff to participate)
- Information on the staff intranet and staff newsletters (including Friday Takeaway)

- Information on the Council's website www.norfolk.gov.uk.
- Letters sent to key stakeholders
- Letter to 520 Parish Councils, and promotion via Norfolk Association of Local Councils
- Parish Council webinar (see details below in Section 3.1)
- Special edition Your Norfolk Extra email to residents signed up to the service

It should be noted that the consultation was conducted against the backdrop of the COVID-19 pandemic with its related restrictions upon society, behaviours and the Council's operations. This included the implementation of a 'lockdown' between 5 November and 2 December 2020 (with Norfolk starting on Tier 1 regulations, and emerging on Tier 2 regulations). This may have impacted on public sentiment, visibility of the consultation and opportunity to participate – whether positively or negatively so.

3.1 Parish Council Webinar Event

On Wednesday 18 November, we participated in a webinar hosted by the Norfolk Association of Local Councils (NALC) and delivered via the Zoom platform. Parish Council representatives were invited to this online meeting with Cllr Andrew Jamieson, Cabinet Member for Finance and Grahame Bygrave, Director of Highways and Waste.

Participants were invited to find out more about our budget consultation and our specific proposals. The event started with a video showing the A-Z of council services, a PowerPoint presentation outlining our proposals, followed by questions and answers session. After the session closed, participants were invited to visit our consultation online and provide written feedback if they so wished.

Representatives from 2 Town Councils and 15 Parish Councils attended this NALC event, these included:

- Boughton
- Feltwell
- Gissing
- Harleston
- Harling
- Hethersett
- Hickling
- Hockwell
- Holt Town Council
- Horsford
- Marham
- North Runton
- Sheringham Town Council
- South Creak
- Thornham
- West Dereham
- West Winch

4. Analysis and reporting

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

In most instances data is expressed in terms of the *number* of respondents owing to relatively small sample bases. Where *percentages* are used, totals may not necessarily add up to 100% because of rounding or multiple responses. The bases for each question vary owing to respondent selection of questions they wished to answer.

When summarising the feedback to the open questions relating to general council tax, adult social care and budget proposals, we have selected quotations to help illustrate the spectrum of key themes emerging from the consultation feedback but these should not be taken to reflect the entirety of opinion. These quotes faithfully reflect an individual's articulation of that theme, and as such all quotations are given verbatim, with respective spelling/punctuation.

Please note that some respondents asked that we did not publish their comments. In addition, comments about individual services have been fed back directly to departments where felt appropriate or necessary.

5. Respondent numbers

We received exactly 500 responses to our consultation. Of these, 374 people or 74.8% replied as individuals.

Responding as:			
An individual / member of the public	374	74.80%	87.80%
A family	65	13.00%	
On behalf of a voluntary or community grou	12	2.40%	3.40%
On behalf of a statutory organisation	5	1.00%	
On behalf of a business	0	0.00%	
A Norfolk county councillor	1	0.20%	6.80%
A district or borough councillor	1	0.20%	
A town or parish councillor	19	3.80%	
A Norfolk County Council employee	13	2.60%	
Not Answered	10	2.00%	2.00%
TOTAL	*500*	*100.00%*	*100.00%*

Of the 500 responses received, the overwhelming majority (462 or 92.4%) were online submissions to the consultation.

How we received the responses		
Online submission	462	92.40%
Email	37	7.40%
Paper	1	0.20%
Total	500	100.00%

Responses by groups, organisations and businesses

Twenty nine online consultation respondents told us which group, organisation or business they were responding on behalf of. The organisations cited were:

- Age UK Norfolk and Age UK Norwich
- Beetley Parish Council
- Bergh Apton Conservation Trust
- Bramerton Parish Council
- Chet Valley B-Line
- Cringleford Parish Council
- Dilham Parish Council
- Diss Town Council
- Equal Lives
- Felthorpe Parish Council
- Framingham Earl Parish Council
- Fransham Parish Council
- Happisburgh Parish Council
- Kimberley and Carleton Forehoe Parish Council
- Long Stratton Town Council
- Longham Parish Council
- Mileham, Tittleshall, Litcham & Horningtoft Parish Council
- Necton Parish Council
- Norfolk Community Advice Network (NCAN)
- Norfolk VCSE Sector Leadership Group
- Norwich Community History Club
- Norwich Older People's Forum
- South Yare Wildlife Group (covering Whitlingham to Loddon)
- Stanhoe Parish Council
- Stokesby with Herringby Parish Council
- Thetford Town Council
- Weston Longville Parish Council
- Whissonsett Parish Council
- Woodton Parish Council

It should be noted that respondents could choose which proposals they wanted to comment on, so not all respondents answered all questions; and as such, the bases for each question vary according to respondent question selection.

6. Respondent Profile

The profile of ‘individual’ respondents is as below:

Responses by gender (374 individuals)

Gender		
Male	179	47.9%
Female	167	44.7%
Prefer to self-describe	2	0.5%
Prefer not to say	16	4.3%
Not Answered	10	2.7%
Total	374	100.0%

Responses by age (374 individuals)

Age		
Under 18	0	0.0%
18-24	5	1.3%
25-34	20	5.3%
35-44	20	5.3%
45-54	60	16.0%
55-64	82	21.9%
65-74	118	31.6%
75-84	17	4.5%
85 or older	2	0.5%
Prefer not to say	22	5.9%
Not Answered	28	7.5%
Total	374	99.9%

Responses by long-term illness, disability or limiting health problem (374 individuals)

Long-term illness, disability or limiting health problem		
Yes	40	10.7%
No	272	72.7%
Prefer not to say	31	8.3%
Not Answered	31	8.3%
Total	374	100.00%

Responses by ethnic group (374 individuals)

Ethnic group		
White British	285	76.2%
White Irish	4	1.1%
White other	5	1.3%
Mixed / multiple ethnic group	1	0.3%
Asian or Asian British	2	0.5%
Black / African / Caribbean / Black British	1	0.3%
Other ethnic group	3	0.8%
Prefer not to say	39	10.4%
Not Answered	34	9.1%
Total	374	100.0%

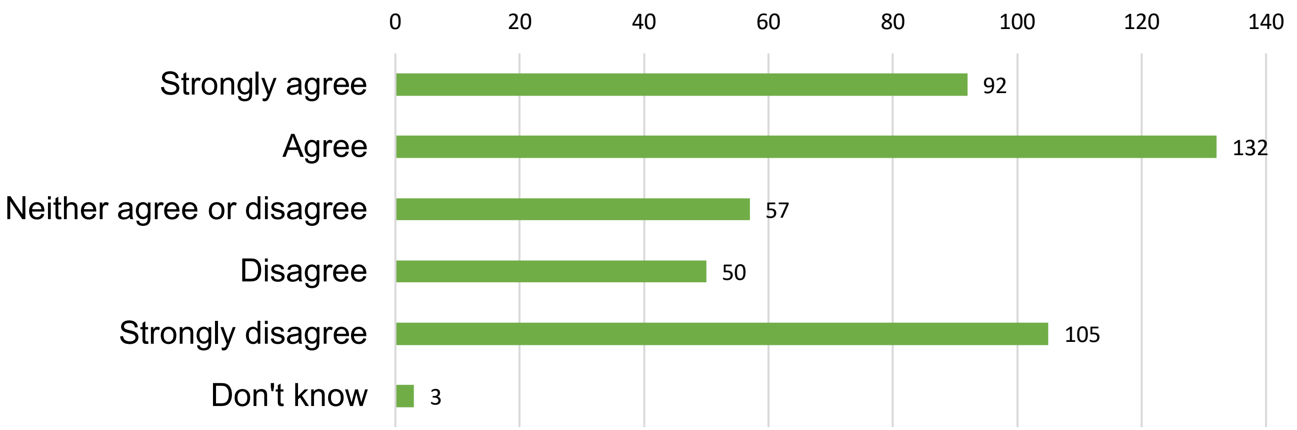
7. Feedback: Council Tax

Q: **How far do you agree or disagree with our proposal to increase Norfolk County Council's share of general Council Tax by 1.99% in 2021-22?**

438 people answered this question, responding as follows:

- **224 (51.1%) were in agreement**
    - 92 (21%) said they strongly agreed
    - 132 (30.1%) said they agreed
- 57 (13%) said they neither agreed nor disagreed
- **155 (35.3%) were in disagreement**
    - 50 (11.4%) said that they disagreed
    - 105 (23.9%) said that they strongly disagreed
- 3 (0.7%) said they did not know

Chart 1: How far do you agree or disagree with our proposal to increase Norfolk County Council's share of the general council tax by 1.99% in 2021-22?
(No. of respondents)



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

Those **strongly agreeing** (92) or **agreeing** (132) with the proposal tend to cluster feedback around these themes/perceptions (in descending order of frequency):

- necessary because '**needs must**' (even if challenging to afford or unwelcome)
- that **services are vital** (and therefore need funding)
- **intrinsically 'fair'** proposal
- service **continuity** is essential (and therefore needs funding)
- consideration of **fairness/equity** (e.g. of proposal, of tax raising/distribution)
- **Covid-19** (impacting in favour of agreement with proposal)

- **underfunding** needs addressing
- **vulnerable** need support
- impacts of **inflation** on affordability of, and necessity for, the proposal
- suggestion to **increase by more**
- evident **growing demand** needs support (notably aging/elderly population)
- **service inadequacy** (a reason to support the proposal)

Those **disagreeing** (50) or **strongly disagreeing** (105) with the proposal tend to cluster feedback around these themes/perceptions (in descending order of frequency):

- **unaffordable** (for any reason)
- insufficient **wages/income**
- **unfair** to increase
- **unjustifiable** to increase
- **paying too much** already
- consideration of **fairness/equity** (e.g. of proposal, of tax raising/distribution)
- **Covid-19** (impacting against agreement with the proposal)
- lack of **evidence of benefits** (from previous increases)
- **paying more for less** (typically as a result of year-on-year increases)
- suggestion to focus on **savings from staff/councillor salaries**, expenses, allowances
- disaffection with repetitive **year-on-year increases** without sufficient benefit/gain
- perception of **'paying more for less'**
- **service inadequacy** (a reason not to support, the proposal)
- perceived **poor value for money** from taxes raised and services provided
- **lack of personal benefit** from taxes
- **Inflationary pressures** on incomes and expenditure making increase unaffordable

Other prominent themes amongst those **neutral** (57), or where the same theme is notably mentioned both by those agreeing and disagreeing, include:

- consideration of **fairness/equity** (whether in agreement or disagreement)
- **Covid-19** (impacting in favour of proposal, and impacting against the proposal)
- **service inadequacy** (a reason to support, and not to support, the proposal)
- impacts of **inflation** on affordability of, and necessity for, the proposal
- that proposals are a **'done deal'** with belief that feedback will make no difference
- suggestion to **increase by more** (as rationale for agreement and disagreement)

Note: The number of respondents mentioning a theme is given in the middle column of each following table "No.". Where themes are mentioned both as reasons for agreement and disagreement, these are appropriately separated and represented in each respective table (respecting any apparent contradictions or alternative perspectives).

Table 1: Analysis of feedback from people who agree/strongly agree with the proposal to increase Norfolk County Council's share of general Council Tax by 1.99% in 2021-22		
Key themes	No.	Illustrative quotes (verbatim)
'Needs Must' – the increase is necessary even if challenging or unwelcome	122	a. The bottom line is the council needs to make savings and improve income whilst I'm not happy this means I would have to pay more council tax I do understand that to keep vital services going for our community you must do something. b. I think it is important that as a community we all share in providing for those that need our help, and a small increase in Council Tax will not hurt those who need to pay it, but it will benefit so many people. c. You have to raise money from somewhere. d. It's far better to increase Council Tax so that we're all paying a bit extra a year, than to cut severely and some loose out a lot. e. Council services are crucial in supporting us all when we need it - we might not know we need them just now, but we might at any time. f. Current service provisions are barely adequate and simply to stand still will require an increase in the council's income. Therefore there has to be an increase. g. We cannot put off funding services and works that improves people's lives.
Providing vital services	57	h. It is essential to provide and maintain critical services i. It is vital that these services are maintained. j. It is a sad facet that adult social services is going to continue to be a huge drain on finances for a long long and we cannot put off the decision to increase the amount of money we spend on it. k. Maintaining services provided by general Council Tax is crucial, even more so during the pandemic
Intrinsically 'fair'	42	l. Burden sharing across all community. General taxation should also rise. m. I think it is important that as a community we all share in providing for those that need our help, and a small increase in Council Tax will not hurt those who need to pay it, but it will benefit so many people. n. The relatively small overall increase in Council Tax shares the burden quite equitably. o. I think it's the fairest way to ensure social care is funded and people understand this. Help is available for those who can't afford to pay.
Enabling service continuity	28	p. A small annual increase, in line with inflation is entirely reasonable - and very necessary if a sustainable level of council services is to be maintained. q. We want to maintain a good level of services

		r. The only way to maintain anything like a decent level of services is to increase council tax.
Fairness/equity	22	s. The wealthy get away without paying their reasonable fair share so someone has to stump up! t. Residents usually have a choice in the band of property they reside in to so should be deemed fair to assume ability to pay for higher tax rates. u. Rising costs mean that we all have to pay for this but as long as council looks at reducing waste
COVID-19 impacts (prompting agreement)	18	v. Given the increasing pressure on public services, particularly in light of the pandemic, I understand the need for increase. I would not want to see more savings/ cuts being made to already stretched public services. w. We need better - and carefully considered - services, especially during Covid-19.
Underfunding	17	x. Local authorities need more money. y. The Government has cut CC spending too much.
Vulnerability	12	z. We must look after the vulnerable and provide vital services like schools, etc. aa. Society is judged by the way it cares for its vulnerable members, therefore we must care for and protect them.
Inflation	10	bb. I think we need to maintain or improve the services provided by the Council., and the Council can only do that if it's income at least keeps up with inflation. cc. Rising costs mean that we all have to pay for this but as long as council looks at reducing waste
Older/aging	8	dd. We need better services, especially for the elderly and the mentally ill. ee. It's important that Norfolk county council are able to provide front line services to support our vulnerable adults in the community. With an ever increasing older population these services are a vital lifeline
Consider increasing by more	8	ff. It should increase but by more than this in order to fund the things that need doing. enough has been cut. gg. If residents require standards maintained, they have to be prepared to pay more and not gripe about it. On the face of it, 2% is not enough.
Meeting increased demand	7	hh. Needs are growing. We must support that. ii. There is an obvious need to increase council tax to fund the ever increasing demand of council services.
Inadequate services	6	jj. We get no improvement in services, in fact it gets worse year on year. kk. For the general tax payer we have seen a decline in services

Table 2: Analysis of feedback from people who disagree/strongly disagree with the proposal to increase Norfolk County Council's share of general Council Tax by 1.99% in 2021-22		
Key themes	No.	Illustrative quotes (verbatim)
Unaffordable increase	78	a. The Council always increases by the maximum allowed. Give us a break our pensions cannot keep up with these rises!!!!!! b. Most people paying the Council Tax will have seen no increase in their own income this financial year and will not be able to afford the extra monies c. Residents are struggling financially d. In the current situation there should be no increase in council tax. e. Because people are really struggling financially so anything over 1% is not acceptable. f. To earn this I'd have to work a whole day. This is half a weeks shopping for me. Absolutely ridiculous!
Financial anxieties relating to wages/income	41	g. Alot for households to find during a year of job losses and financial crisis h. It is unthinkable and immoral that people struggling financially in Norfolk should be made to struggle even more by paying even more in council tax - this is especially pertinent now when due to COVID-19, costs for people are rising, people are losing their jobs, people cannot afford to pay bills, people cannot afford to feed their families and heat homes. i. With many jobs affected in the last year, households having to pay for additional tax will cause more hardship. j. This year has been very tough financially for many families. I don't agree with increasing the burden of Council Tax at this time.
Unfair increase	32	k. Households are suffering from reduced income, increased costs and wage freezes. It is simply unfair and unjust to squeeze already hard pressed workers any further l. I am struggling to put food on the table already. Another increase of this magnitude would simply see me go under. More than 15% of my monthly take home pay is currently being used to pay my council tax bill. This is grossly unfair. m. It is unfair to putting the costs of those on members of the public whose incomes are fixed (when in receipt of pension(s)) and where one is in work, who do not receive salary increases of 2%+
Unjustifiable increase	29	n. CPI inflation rate in September 2020 was 0.5% therefore this increase is four times the rate of inflation. This is completely unacceptable,

		particularly at a time when wage increases are virtually non-existent in some parts of the economy. o. Council waste money at every opportunity, cuts need to be made before robbing my hard earned wages even more. p. Councillors are constantly getting increases and this is not justified.
Perception of 'paying too much already'	18	q. The amount charged is already excessive r. I pay too much Council Tax already
Fairness/equity	17	s. I'm fed up with poor management by councils putting up my bills, vastly above inflation, every single year. My income doesn't increase by this amount so why should yours? Why should I continue to pay for your inefficient management? t. If you could you'd increase it by much more. Last year you gave yourselves a pay increase, the attitude was we're entitled to it! u. Because I still see an enormous amount of wasted money in the operation of Local Government. This needs to be 'driven out' and if a Council is not willing to do this why should we pick up the bill.
COVID-19 impacts (prompting disagreement)	17	v. This year has been very tough financially for many families. I don't agree with increasing the burden of Council Tax at this time. w. Times have been extremely hard for people this year and have struggled as things stand an increase is something many cannot afford
Lack of evidence of benefit from previous increases	14	x. The money only goes the few. The budget just dose not give the disbled the care they need . y. Council tax increases every year and there is little evidence that local services have improved. This is especially relevant in context of Covid pandemic.
Savings expected from staff salaries/expenses	10	z. Savings can be made by reviewing your management structure. You have too many overpaid chiefs and levels of management. Removing some of these could see the savings you are looking for. aa. Savings can be made by reducing some of the huge salaries and waste on unnecessary spending in offices and many other areas.
Savings expected from councillor salaries/expenses	7	bb. I feel people have been put under enough pressure and it is time that councillors reduce their expense allowances or cap them so the burden so wasn't fall on us all the time to keep paying more and more for less and less service. cc. Many of us are struggling to pay bills as it is .You increased the tax last year by a lot, how about cutting expenses to councillors .

Year-on-year increases	9	dd. It doesn't make any sense to us. The Council tax continues to go up year after year with services provided by the Council continually cut. ee. The issue is that individuals do not get an increase in their income and if general bills such as council tax just keep increasing then where does that leave those individuals.
Paying more for less	9	ff. For the general tax payer we have seen a decline in services gg. You have consistently raised council tax by the maximum amount year after year after year when you are allowed to by central government whilst also reducing your services every year.
Inadequate services	9	hh. Adult social care needs to be funded of course but there is nothing for parent carers, children's autism and adhd facilities available in Norfolk currently I'm a parent carer and council tax payer and an increase would not be welcomed as it is an added expense and a very high as is ii. We suffer appalling roads, poor street lighting no services and every year you ask for more.
Value for money	7	jj. It is high time the council is brought to account for its spending. Every year the tax payers give more and the council does less. kk. The services provided year on year get less and less. It's not value for money.
No personal benefit	5	ll. you keep putting the tax up, but I personally do not see any of the spending helping me. Sooner or later the public will all be on benefits to pay for it. When is this going to stop? mm. Obviously I am not happy with any rise in council tax, most of the money is spent on thing I have nothing to do with, apart from the emergency services and libraries
Inflation	5	nn. Stop increasing Council Tax over Rate of Inflation oo. CPI inflation rate in September 2020 was 0.5% therefore this increase is four times the rate of inflation. This is completely unacceptable, particularly at a time when wage increases are virtually non-existent in some parts of the economy.

Table 3: Analysis of neutral/other feedback by people in relation to the proposal to increase Norfolk County Council's share of general Council Tax by 1.99% in 2021-22

Key themes	No.	Illustrative quotes (verbatim)
COVID-19 impacts	6	a. So many households have had their income impacted by the virus this year b. At present the priority is to combat Covid. Environmental and community spending should

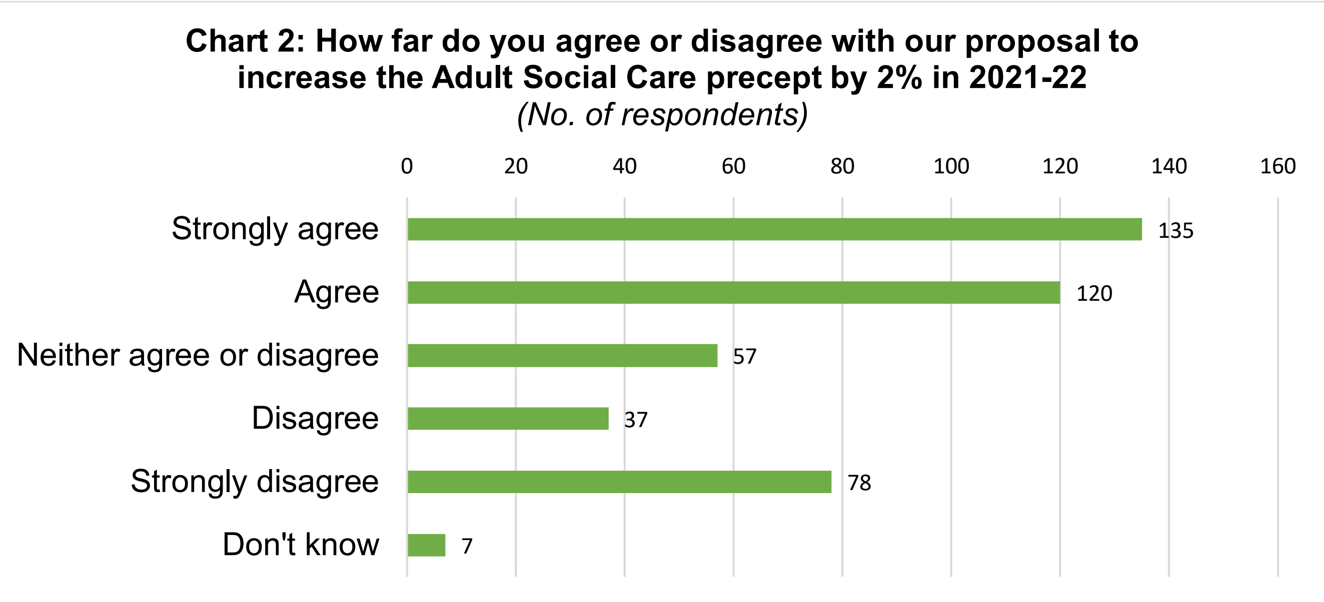
		be trimmed right back for a few years in order to allow time for medical and economic recovery.
Outcome a pre-determined "Done deal" and feedback will make no difference	6	c. Norfolk always puts council tax up by the maximum allowed, so why bother to ask what people think???! d. It's unlikely that anything I say will influence the budget

8. Feedback: Adult Social Care Precept

Q: **How far do you agree or disagree with our proposal to increase the Adult Social Care precept by 2% in 2021-22, subject to central Government providing this option?**

We asked how far people agreed or disagreed with our proposal and 434 people responded to this question. Of these:

- **255 (58.8%) were in agreement**
    - 135 (31.1%) said they strongly agreed
    - 120 (27.7%) said they agreed
- 57 (13.1%) said they neither agreed nor disagreed
- **115 (26.5%) were in disagreement**
    - 37 (8.5%) said that they disagreed and
    - 78 (18.0%) said that they strongly disagreed
- 7 (1.6%) said they did not know



Those **strongly agreeing** (135) or **agreeing** (120) with the proposal tend to cluster feedback around these themes/perceptions (in descending order of frequency):

- necessary because '**needs must'** (even if challenging to afford)
- services are fundamentally **vital** (and therefore need funding)

- evident **growing demand** needs support (notably aging/elderly population)
- **Covid-19** impacts make services (and precept increase) more necessary
- intrinsically a **'fair'** proposal
- **vulnerable** people need the support of ASS services
- **service <u>continuity</u>** is essential (and therefore needs funding)
- **underfunding** of ASS needs addressing
- **Central Government** should provide greater funding support (but agree)
- need is so great the precept should be **increased by more**
- **service shortcomings** or inadequacy requires additional funds to address
- ASS services are **a priority** and/or should be prioritised
- supporting the delivery of ASS services is the **'right thing to do'** in a civil society

Those **disagreeing** (37) or **strongly disagreeing** (78) with the proposal tend to cluster feedback around these themes/perceptions (in descending order of frequency):

- **unaffordable** (for a range of personal reasons)
- **unfair** to increase taxes/precepts
- **wages/income** insufficient to afford increase
- **Covid-19** impacts make precept increase unaffordable/inappropriate
- **Central Government** should provide greater funding support (so disagree)
- **paying too much** already
- lack of **evidence of benefits** (from previous increases)
- **paying more for less** (typically as a result of year-on-year increases)
- need is so great the precept should be **increased by more** (therefore disagree)
- **impacts of inflation** over time making precept increase unaffordable/inappropriate
- suggestion to focus on savings from **staff/councillor salaries, expenses, allowances** (rather than precept increase)

Other prominent themes amongst those **neutral** (57), or where the same theme is mentioned both by those agreeing and disagreeing, include:

- **Covid-19** impacts alternatively substantiating the need for the proposal, or its unaffordability
- reduced **wages or income** alternatively substantiating the need for ASS services, or the proposal's unaffordability
- insufficient **central Government funding** being a reason either to support, or not to support the proposal
- **inflationary impacts** being a reason to contribute more to the precept, or reason not to be able to contribute more
- A desire to see a fundamentally **changed approach** to the funding and/or provision of adult social care
- suggestion to focus on **savings from staff/councillor salaries, expenses, allowances** (rather than precept increase)
- proposals provide **insufficient or unclear information** in order to evaluate and form opinions

- that proposals are a **'done deal'** with belief that feedback will make no difference

Table 4: Analysis of feedback from people who agree/strongly agree with the proposal to raise the social care precept by 2% in 2020/21

Key themes	No.	Illustrative quotes (verbatim)
'Needs Must'	107	a. A small annual increase, in line with inflation is entirely reasonable - and very necessary if a sustainable level of council services is to be maintained. b. There appears to be no other way to assist services other by increasing the Social Care precept, and may citizens are willing and able to do this. c. These people are some of the most vulnerable in society and many are unable to help themselves. It's therefore important the rest of us do our bit to help them. d. If this is needed, then it should be done. These are unprecedented times, and if more money is needed for Adult Social Care, then it should come from Council Taxes. e. They have had so many cuts and shortfalls. They deserve this increase f. Adult social services is a key part of NCC's work and should be adequately funded g. With the issues within care settings and the overall costs, this needs to have more money to provide the basic functions h. I accept in the current climate that this increase is necessary, but equally you cannot and should not expect to increase this budget by the maximum amount year after year just because you can. i. I believe that this area of the budget has been seriously underfunded for years. I would be happy to see an even bigger increase than 2%
Services are vital	69	j. This seems an absolutely vital area to focus on, especially now, due to the effects on these vulnerable groups of the pandemic. k. Adult social care is vitally important l. Necessary to continue to provide services to this increasing sector of the community particularly in the current circumstances. m. Large population needing support and the level of services is not great so do not want it to go down further.
Growing demand (aging/elderly)	34	n. Adult social care is essential and an increasing need with an ageing/long surviving population. o. Because more & more old people need care, to keep them at home. This is surely the best & cheapest solution (and best in cases of pandemics, for obvious reasons)

		p. An ageing population that has paid taxes throughout its working life should not be expected to provide finance for their care in later life by selling acquired assets e.g. homes.
Growing demand (in general)	32	q. The population are living longer the older generation will be needing help, along with adults with special needs r. Covid 19 has increased the need for many services, and the elderly population is growing. s. Adult social care services have been at the forefront of managing the COVID-19 pandemic and the department is supporting more people than ever before.
COVID-19	25	t. Social care is important especially due to covid u. Loneliness and social isolation services are so important in Norfolk, especially as loneliness has increased since Covid. v. After covid this service will be desperately needed
intrinsically "fair"	23	w. The money has to come from the public, and all of us are responsible for paying for everyone. x. Burden sharing across all community. General taxation should also rise.
Support for vulnerable	22	y. It's important that Norfolk county council are able to provide front line services to support our vulnerable adults in the community. z. Wher else is the money going to come from? We all have an interest in looking after the most vulnerable
Service continuity	14	aa. Adult social care has been stripped to the bone and the effects are dire on the most vulnerable in our society. There must be an increase in funding for these people. bb. We need to at least maintain service levels where they are or ideally improve the services.
Underfunding	13	cc. I believe that this area of the budget has been seriously underfunded for years. I would be happy to see an even bigger increase than 2% dd. Young adult mental health care seems to be very poorly funded.
Role/funding of central Government	10	ee. The government need to sort out a sustainable policy to fund adult social care properly, not just ignore the problem ff. if the Government won't provide funding it has to come from somewhere else.
Increase precept by more	9	gg. It should be more to cover cuts over previous years hh. The population is getting older and people living longer. Even 2% may not be high enough.
Wages and income	6	ii. Lots of people are worse off this year as a direct result of our government's failure to properly protect society this year jj. In line with prices and pay inflation

Service inadequacy	6	kk. Large population needing support and the level of services is not great so do not want it to go down further. ll. Adult care services are in a woeful state and need more funding.
Adopt a different approach	5	mm. I would prefer to see an integrated strategy for Health and Social Care, nn. In the absence of central gov plan to have a new way of Properly funding social care there is little option than to increase local authority funding
Services are a priority (and prioritise them)	5	oo. looking after the old and vulnerable should be a priority pp. This is an area in desperate need and should be prioritised.
It's the "right thing to do"	5	qq. Our older community members deserve to be comprehensively and sensitively looked after, with their care secured and guaranteed rr. We must look after the vulnerable in our county to a high standard

Table 5: Analysis of feedback from people who <u>disagree/strongly disagree</u> with the proposal to raise the social care precept by 2% in 2020/21		
Key themes	No.	Illustrative quotes (verbatim)
Unaffordable	44	a. It can not keep going up over the rate of council tax, you must budget with what money you have, taxpayers have not got the money to spend on increases. b. With many jobs affected in the last year, households having to pay for additional tax will cause more hardship. c. We have had this extra increase above the council tax element for several years. The people in Norfolk cannot afford this extra increase year on year. d. The two amounts added together is to much money to expect to be able to find, e. You cant keep putting things up with unemployment rising etc.
Intrinsically "unfair"	18	f. Because my mother had to pay for herself. People should not expect to get something for nothing g. It is simply unfair and unjust to squeeze already hard pressed workers any further
Wages and income	17	h. I work hard all year for you to take a massive chunk a month for a service I won't be entitled to because you will make me pay for my own care out of my house I've spent 40 years earning. Can you not see why constantly taking from people until they have nothing left is somewhat soul destroying. i. It has been an exceptionally hard year for council tax payers and there simply are not the means for many

		residents to be even further stretched by any further increase in council tax.
COVID-19	10	j. The council must recognise the impact that coronavirus has had on costs for the residents of Norfolk, many of whom have been made unemployed, not been able to claim money via the furlough scheme and have lost businesses. k. Due to COVID-19, costs for people are rising, people are losing their jobs, people cannot afford to pay their bills, people cannot afford to feed their families and heat their homes
Role/funding of central Government	10	l. Government should be paying for this not Norfolk residents m. Central government should be making money available for all local Adult Social Care provision. Councils should be contesting the shortfalls in government funding.
Perception of 'paying too much already'	8	n. I am struggling to put food on the table already. Another increase of this magnitude would simply see me go under. More than 15% of my monthly take home pay is currently being used to pay council tax. o. I already pay a lot for a service that I do not have access to
Insufficient evidence of benefit	6	p. Because simply we can't afford to keep paying more those of us who work hard I get any benefits q. The beneficiaries are not those who have saved and scrimped to fund their own provision.
Inflation	5	r. Worthy this might appear to be, this is in danger of getting completely out of hand and added to the proposed council tax increase represents about eight times the current rate of inflation. s. If public sector pay is being frozen increases should be linked to inflation.
Should be increased by more	5	t. This is not enough - you will have to continue making cuts, because demands on adult social care will continue to increase over and above inflation, due to demographic changes and the need to provide (at last) decent wages social care staff. u. It should be a bigger increase.

Table 6: Analysis of <u>neutral/other</u> feedback by people in relation to the proposal to raise the social care precept by 2% in 2020/21

Key themes	No. Agree/ Neutral/ Disagree	Illustrative quotes (verbatim)
Save on staff/councillor	2/1/4	a. Again Councillors salaries are being increased and this should be used for the budget.

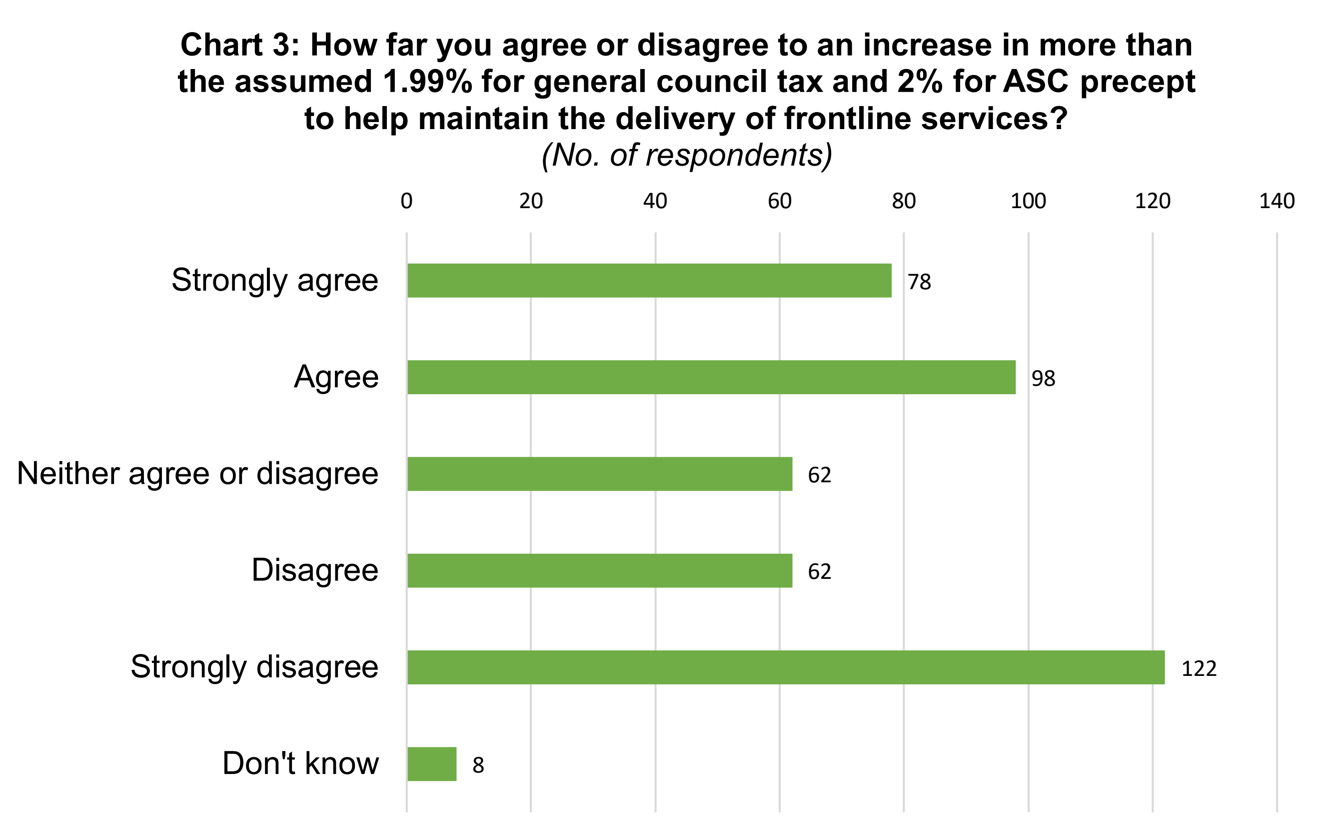
salaries, expenses and/or allowances		b. I think you could reduce the pay of top managers and numbers. From published info some of them managing not so crucial services seem paid high
Proposals insufficient to form opinion	1/3/2	c. Insufficient information d. I think you should explain the calculations a little more clearly, or check your arithmetic.
Proposals are a pre-determined 'done deal'	2/2/1	e. You have no intention of it going towards this f. You not going to listen to the people whatever we say

9. Feedback: 'Increase by more than 1.99% for council tax and 2% for ASC precept'

Q: **As we await further announcements from central Government, we would like to find out how far you agree or disagree to an increase in more than the assumed 1.99% for general council tax and 2% for ASC precept to help maintain the delivery of frontline services?**

We asked how far people agreed or disagreed with our proposal and 430 people responded to this question. Of these:

- **176 (40.9%) were in agreement**
  - 78 (18.1%) said they strongly agreed
  - 98 (22.8%) said they agreed
- 62 (14.4%) said they neither agreed nor disagreed
- **184 (42.8%) were in disagreement**
  - 62 (14.4%) said that they disagreed and
  - 122 (28.4%) said that they strongly disagreed
- 8 (1.9%) said they did not know



Those **strongly agreeing** (78) or **agreeing** (98) with this proposal tend to cluster feedback around these themes/perceptions (in descending order of frequency):

- necessary because ‘**needs must’** (even if challenging to afford)
- services are fundamentally **vital** (and therefore greatest practicable funding)
- **service <u>continuity</u>** is essential (and therefore greatest practicable funding)
- **COVID-19** impacts make services (and greater increase) more necessary
- **underfunding** of services and support requires this higher increase
- **Central Government** should provide greater funding support (but agree)
- **growing demand** needs greater support/funding (notably aging/elderly population)

Those **disagreeing** (62) or **strongly disagreeing** (122) with this proposal tend to cluster feedback around these themes/perceptions (in descending order of frequency):

- any greater increase would be **unaffordable** (for a range of personal reasons)
- **wages/income** insufficient to afford any greater increase
- **Covid-19** impacts make precept increase unaffordable/inappropriate
- any greater increase is **unjustifiable** in current circumstances
- need for an increase could be avoided if council would **increase its efficiency**
- suggestion to focus on savings from **staff/councillor salaries, expenses, allowances** (rather than precept increase)
- further increases, savings and/or cuts could be avoided by attending to **less wastage** by the council

Other prominent themes amongst those **neutral** (62), or where the same theme is mentioned by those agreeing and disagreeing, include:

- **Covid-19** impacts alternatively substantiating the need for the proposal, or its unaffordability
- insufficient **central Government funding** being a reason either to support, or not to support, the proposal
- suggestion to focus on savings from **staff/councillor salaries, expenses, allowances** (rather than precept increase)
- **cut waste** in various suggested ways (material/resources/financial)
- proposals provide **insufficient or unclear information** in order to evaluate and form opinions
- **service inadequacy** being a reason to support (if underfunded), or alternatively not to support (if inefficiently managed) the proposal
- desire to see a fundamentally **changed approach** to the funding and/or provision of adult social care

Table 7: Analysis of feedback from people who agree/strongly agree with the proposal for an increase in more than the assumed 1.99% for general council tax and 2% for ASC precept to help maintain the delivery of frontline services		
Key themes	No.	Illustrative quotes (verbatim)
'Needs must'	60	a. The funding has to be found somewhere to try and limit the extra savings that would have to be made b. It may mean belt tightening for some but the costs have to be covered. c. In a civilised society this is beyond question d. I think services have already been cut back enough. If higher council tax helps maintain and possibly expand services I would support that. I would also expect us all to be asked to pay a little more in tax to cover losses due to Covid. e. It may mean belt tightening for some but the costs have to be covered. f. Good services are needed so need being paid for.
Services are vital	22	g. Current increases seem manageable and further ones would be worthwhile to maintain frontline services. h. Front line services should be prioritise in these uncertain times. i. It is essential not to cut back services any further
Service continuity is essential	11	j. Must maintain frontline services k. We need to continue to fund our public services
COVID-19	10	l. It is important to bear in mind the impact the pandemic has had on people's incomes across the county and therefore I think this would needed to be carefully considered as to the impact this might have on the lowest income families and individuals.

		m. We can't leave vulnerable groups/individuals to fend for themselves post Covid.
Underfunding	8	n. We need to spend more on services o. Somebody has to pay for county council services if the Government won't.
Role/funding by Central Government	7	p. This should be the responsibility of central government but in the likely event that they will not see this s a priority, and subject to protection for the less well off, I would prefer to see services maintained rather than pay a little less council tax. q. The government is plainly not in a position to substantially increase grants to local authorities leaving councils to fulfil their legal responsibilities only by raising money locally.
Growing demand	7	r. Costs and needs are rising all the time. s. Demand is raising, we need to provide more Early Help and Prevention and cut the need for higher intensity service which is better for everyone.

Table 8: Analysis of feedback from people who <u>disagree/strongly disagree</u> with the proposal for an increase in more than the assumed 1.99% for general council tax and 2% for ASC precept to help maintain the delivery of frontline services		
Key themes	No.	Illustrative quotes (verbatim)
Unaffordable	77	a. Most households just cannot afford this increase at this time b. I have no issue with increasing council tax but an overall rise of 3.99% is too much for people on the lower income scale c. I feel a higher raise in tax would be damaging to those already struggling d. That's a big jump in council tax and a lot of people already are struggling, anything more then 1.99% is going to push more people to poverty e. The general population cannot afford any more
Wages and income	28	f. The cost of living will increase due to government spending during covid with tax rises and Brexit g. Pay does not increase at 4% per year in line with proposed tax increases so it is unaffordable to many. h. Because many people in the district are already hard pressed with other costs rising all the time. If one is on a pension this does not go up by 4%. Other ways should be looked at to make savings.
COVID-19	20	i. Nothing is straight forward or accessible as we are in a pandemic and no one has any money or the help that is needed and people are facing desperate and sad choices j. Everyone has struggled with the covid crisis and many residents are living on lower income.

Unjustifiable	17	k. It will only line the councillors pockets l. Make the cuts needed to fit the income just as householders have to - householders do not have the power to demand additional income to cover such council tax rises.
Increase efficiency	13	m. The council should find savings by cutting waste and inefficiency rather than landing residents with ever increasing bills. n. I see no evidence that the current budget or structure is as efficient or as effective as it can be.
Save on staff/councillor salaries, expenses and/or allowances	7	o. Where do you expect people to get the extra money. You need to look in house a lot more first. p. Council should be more efficient and streamline the number of managers. Most businesses have, but NCC have increased the number!
Reduce wastage	6	q. Until you get your act together do not ask us to pay for your mistakes r. I still see an enormous amount of wasted money in the operation of Local Government. This needs to be 'driven out' and if a Council is not willing to do this why should we pick up the bill.

Table 9: Analysis of neutral/other feedback by people in relation to the proposal for an increase in more than the assumed 1.99% for general council tax and 2% for ASC precept to help maintain the delivery of frontline services

Key themes	No. Agree/ Neutral/ Disagree	Illustrative quotes (verbatim)
COVID-19	5	a. Too much confusion and uncertainty about everything at the moment, so I cannot comment on more uncertainty.
Proposals insufficient to form opinion	3/3/4	b. Service provision is clearly under strain but without knowing how much of an increase would be needed above that permitted it is not possible to give a specific answer.
Service inadequacy	4/1/3	c. Can support that need, but only if we see clear evidence that these additional funds are going to be put towards those services that are most needed and existing funding to these areas is not going to be reduced, particularly during these extraordinary times.
Adopt a different approach	1/3/3	d. The message to NCC is simple, “Do more with less”. Focus on providing quality services, increase accountability and stop supporting non-productive staff

10. Feedback: Adult Social Services

181 people commented on our budget approach and proposals for Adult Social Services. The key themes to emerge cluster as below (number of mentions and illustrative quotes given in table 10):

- desire to see a fundamentally **changed approach** to the funding and/or provision of adult social care
- endorsement and support for **‘stay at home’** or **‘care at home’** initiatives
- recognition that **services are vital** and needing funding and/or protection from cuts
- desire to see **no/reduced savings or cuts** needing to be made to minimise impacts on service provision and service users
- demand for **increased efficiency** in council operations and management
- application of **technology** to deliver cost savings and operational efficiencies
- continued or increased support being required for the **vulnerable**
- consideration for the intrinsic **fairness and equity** of service funding
- support for **independent living**
- collaborating with, and the services of, the **NHS**
- acknowledging the widespread impacts of **COVID-19**
- reference to collaborating with, and the services of, the **hospitals**
- endorsement and support for **residential care**
- observation that unable to form opinion owing to **unclear proposals**
- demand for the council to seek, and offer, **value for money**
- desire to see all parties internal and external to the council **working together**
- expectation for council to make **savings on staff, salaries, expenses and allowances** (amongst staff and councillors)
- acceptance that **‘needs must’** and that savings and cuts are necessary to ensure service continuity and the balancing of budgets
- need to maintain (or improve) **service quality**
- opinion that **services are inadequate**
- need to accommodate **increasing demand** for services and support
- perception that the proposal(s) are fundamentally **inappropriate**
- desire for council to **make no cuts** to services at all (but find saving in other ways)

Table 10: Analysis of generic feedback on Adult Social Services proposals		
Key themes	No.	Illustrative quotes (verbatim)
Adopt a different approach	27	a. Stop trimming around the edges. We need to change our whole approach to adult social care. b. The main flaw is in treating care as a market: it shouldn't be. c. Not sure you need to make savings just make a maximum use of the budget and resources d. Should not need make savings in any of the areas mentioned, government should increase taxation to supply more money to cover it e. Social care costing needs reforming. The gap between the hourly rate paid to care providers and the rate to care workers is shocking - somebody is making a lot of money out of this.
Support for 'stay at home'	26	f. The more people are enabled to stay in their own homes the better. g. More people should be at home as that is where they know and will be happier.
Support for 'care at home'	23	h. Considerable expansion of home based reablement and accommodation based reablement will also help reduce or delay longer term reliance on funded services. i. I think finding other innovative ways to support adults and thus reduce the amount that goes to Adult Services is a good idea. Especially helping people stay in their homes with support and care.
Services are vital	16	j. Any reduced service offered will significantly impact on our vulnerable adults who depend on adult services whether it be home support
No savings should be made	15	k. Social services should definitely not have savings cuts. Surely there are other areas where cuts can be made.
Increase efficiency	13	l. Not sure you need to make savings just make a maximum use of the budget and resources
Utilise technology	13	m. If NCC are saving money by using technology and enabling employees to stay at home then that is useful. We have to careful we don't start replacing personal contact in many aspects of care with virtual contact, technology can be useful but it can also inhibit people and it's just not the same. it can still leave people isolated.
Support the vulnerable	13	n. I cannot agree with taking money away from those who most need it.
Fairness/Equity	12	o. Is regrettable to make any savings when the actual need is increasing. Would be fairer to reduce the

		payments to councillors which were surprisingly increased last year
Support for independent living	12	p. The plans to support people in their own homes are commendable, but sufficient human contact must be maintained
Support for the NHS	12	q. Home based support should be jointly funded with health providers where people have complex health needs. This would help support admission avoidance which benefits all.
COVID-19	11	r. I believe services which help reduce loneliness will make great savings to health services as it would prevent the poor health outcomes associated with loneliness. Loneliness services are more important than ever before as people suffer the negative side effects from lockdown.
Interaction with hospitals	10	s. I think it is right where at all possible to support people in the community particularly during the pandemic when going into hospital is very risky for older people.
Integration with residential care	10	t. I am a little concerned by the aim to "delay the need for residential care." Though this follows the desire to prevent people reaching crisis point, delaying crisis is not an effective solution and will simply defer the cost for another year's budget while potentially having a severely negative impact on citizens in crisis.
Proposals insufficient to form opinion	10	u. We do not feel you have actually provided enough detail for us to understand how you intend to save over 8 million pounds.
Demand for value for money	10	v. You cannot charge us more and then reduce services
Encouragement to work together	10	w. There are too many duplications across different teams. Care needs to be joined up and seamless. In these days of easy access technology there should be no need to go through eg full assessment by more than 1 team when a previous one could be refined and updated for a speciality
Save on staff salaries, expenses and/or allowances	9	x. Cut out the top jobs and high pay to make savings
'Needs Must'	8	y. With the current situation it is inevitable that costs will increase.
Attention to service quality	8	z. I suspect it is not possible to provide a proper service and make cuts at the same time.
Service inadequacy	8	aa. We are concerned along side a program of cuts over the last 10 years outcomes for disabled people in Norfolk or at least our members outcomes have got worse. We would also point to the disproportional effect that these cuts and then Covid has had on people who need social care.

Demand increasing	7	bb. You cannot meet peoples needs on what you provide now. Increase the taxes and get the job done.
Proposal inappropriate	6	cc. We object to paying for social care now. When we know we will be spending our life time savings to pay for our care in future.
No cuts should be made	6	dd. They're not savings, they're cuts! The assault by the conservative government on local government is scandalous - these services need to be adequately funded.
Save on councillor salaries, expenses and/or allowances	6	ee. I don't think you should cut adult social services but believe that councillors should take a cut in wages and it should be taken from elsewhere in the council tax budget…not taken from hard working people who have been hit hard financially by the pandemic

We also received feedback relating to each specific ASS proposal as below (the number of mentions "No." totals all comments in relation to each proposal; where more than 5 comments were made illustrative quotes have been selected; where fewer than 5 comments made all of these are quoted)

Table 11: Comments on each specific Adult Social Services proposal

Proposal	No.	Illustrative quotes (verbatim)
ASS001 Supporting more people to move into independent housing	5	a. Any reduced service offered will significantly impact on our vulnerable adults who depend on adult services wether it be home support Ass001 or accommodation based reablement. b. This is very important and should not be cut. c. Do you pay for hospital admissions? Surely this will be an increase cost to the county not a reduction d. It is difficult to comment on this owing to a shortage of information on the proposals for housing. It may be possible to move some people out of residential care but research is needed on the psychological impact of the move and the potential increase in loneliness and isolation, particularly if residents have been living in residential care for some time. Any such move should only happen after full consultation with residents and their families and carers. e. There does not seem to be too much of a promotion of using technology (except ASS001) to implement savings. Where could upcoming or recent tech/software improve processes?
ASS002 Working closely with health	4	f. These services help increase confidence and enskill people to remain living in there own homes.

partners to manage joint funding to support better use of resources across the health and social care system.		g. We need to keep people away from hospitals. h. This has the potential to make substantial savings if the collaboration goes so far as to reduce or even remove duplication. However, significant changes to service should be developed through co-production with service users involved from the very beginning of the process. i. While ASC needs to support the NHS it is not working for the NHS and should not bend its priorities to those of the health services. ASC has its own principles values and priorities. I'm not convinced by integrated care system ps at a macro level. So much has been done to make this happen amen the pace of change is still incredibly slow. Care needs to be taken in ensuring investment provides a return to ASC and not just the NHS.
ASS003 Revising the short term out of hospital offer,	2	j. The out of hospital work is, as we understand it, work in progress. It is essential that patients, their families and carers are involved in the development of such services so that those leading the work are fully aware of the current problems and concerns k. All sounds great but home based support is actually expensive if done properly. Adding a few hours a week to care plans is not enough and leaves many adults vulnerable during the hours they spend alone. Cutting funds has a knock on effect as more people fall through the cracks and end up in hospital because there is nowhere else for them to go.
ASS004 Efficiency targets for some core care contracts	1	l. Commissioning services and monitoring those commissioned is a complex job and any savings from these so called back office resources is short sighted. Good outcome based commissioning can save money but it takes skilled staff and robust processes.
ASS005 Introduce more individual service funds to give people more control and choice over their care	3	m. The council funds agencies such as Citizens Advice Bureau and other charities why not be more specific around what the council wants for the money. They could be more flexible and meet the changing needs of the people of Norfolk n. If people are to choose their own providers they will also need adequate quality information on the providers concerned so that they can make informed decisions. Not everybody has access to the necessary facilities and time, or the capacity or support, to do the necessary research. o. Personal budgets work but not as an add on but as an alternative. The budget should show a shift

		from traditional forms of care to those provided through PBs. Any additional investment should mirror demand.
ASS006 Working with our partners to reshape our approach to supporting people upon their initial contact with Adult Social Care.	2	p. This is good for the individuals, but in reality, those family members who provided support or care to family are now paid for it (or can be) where is the community support. Services that were provided free to a loved one are charged for. this moves the care and support onto a contractual basis and makes is clinical and cold. q. The first contact is important and should be good and reassuring whoever is making the referral. This needs to be done through co-production with service users and their carers from the very beginning so that the service understands what the experience is like currently and what concerns are.
ASS007 Reducing the amount we have set aside to cover potential bad debts. (One-off benefit).	2	r. You are already squeezing care home and other providers so you risk putting providers out of business with consequent additional costs and disruption for residents s. Could save more here.
ASS008 Releasing amounts previously carried forward in one-off reserves. (One-off benefit).	0	t. N/A
ASS009 Digital business transformation and staffing efficiencies	3	u. Sounds like your financial team is out of control and needs proper debt management skills v. COVID has made the digital divide more apparent therefore a "digital only" model cannot be implemented. More support required for those who have low literacy, do not have capacity or cannot access digital for other socio/ economic reasons w. Think this should be prioritised
ASS010 Capitalisation of Assistive Technology Equipment	3	x. Think this should be prioritised y. We should not be reducing on ASS010 z. Could save more here.
ASS011 Capitalisation of Adult Social Care Transformation programmes	2	aa. Could save more here. bb. I would prefer to see greater cuts and savings here, with other services reduced less
ASS012 Contract renegotiation	4	cc. Remain at same level. dd. I do not agree with cutting funding to Norfolk Swift Response - this is a vital service for our rural communities ee. Looks like just a move between council and goverment, I still have to pay ff. Review block contracting arrangements and shift risk to private providers as much as possible.

ASS013 Working with NORCA (Norfolk Care Association) to develop a targeted approach to the annual price uplift for 2021-22 recognising the overall local authority budget pressure.	0	gg. N/A

11. Feedback: Children's Services

153 people commented on our budget approach in Children's Services. The key themes to emerge cluster as below (number of mentions and illustrative quotes given in table 12):

- desire to see a fundamentally **changed approach** to the funding and/or provision of children's services
- desire for council to **make no <u>cuts</u>** to services at all (but find saving in other ways) to minimise impacts on service provision and service users
- **role of parents** in supporting and caring for their own children
- observations in relation to engagement with **schools** and assisting children's access
- acknowledging the widespread impacts of **COVID-19**
- need to be **fair and equitable** in both raising funds and the provision of support
- observation that unable to form opinion owing to **unclear proposals**
- need to accommodate **increasing demand** for services and support
- benefits of **early intervention** to prevent greater later impacts
- perception that the proposal(s) are fundamentally **inappropriate**
- desire for council to **make no <u>savings</u>** to minimise impacts on service provision and service users
- benefits, and risks, of **remote working** (as proven during 2020 lockdowns)
- need to improve **service quality**
- impacts on **wellbeing** of any savings and cuts upon both staff and service users
- benefits, and constraints, in using **technology** to realise cost savings
- challenges to the possible closure of **Holt Hall**
- recognition that **services are vital** and needing funding and/or protection from cuts
- enthusiasm for efficient **'working together'** between organisations and individuals

Table 12: Analysis of generic feedback on Children's Services proposals		
Key themes	No.	Illustrative quotes (verbatim)
Adopt a different approach	13	a. We don't care for children anymore. You operate a lights on only service which is failing those in need. You need to change the cabinet member for someone who understands/willing to engage.

No <u>cuts</u> should be made	13	b. Not savings, CUTS! Child poverty rising steeply, gap between rich and poor expanding. These children are our future - not appropriate to be even considering making cuts in children's services when so many children are suffering from poor mental health due to Covid.
Role of parents	12	c. Decrease the ever increasing number of children classed as SEN, its becoming a gravy train for parents to get children classified. Parents are responsible for their children and thats where there priorities shold be.
Access to, and engagement of, schools	10	d. I agree with the 'nearest school' for any student but in order for this to happen, the services must be applied equally across education.
COVID-19	9	e. The pandemic has clearly impacted on children and young people in ways that are complex and long term. The more services can help families and/ or siblings to stay together the better. The Wrong Door model sounds like a constructive strategy to help achieve this.
Fairness and equity	9	f. Children are part of families and deserve the best possible start in life and are, of course, affected by changes which affect their parents and grandparents.
Proposals insufficient to form opinion	9	g. What on earth do these figures mean?
Increasing demand	8	h. More funding is needed. There is a need for free school meals for disadvantaged children out of term time. This need will only increase with record unemployment due to hit.
Early help and intervention	8	i. Prevention is always better than cure.
Proposals insufficient to form opinion	8	j. All of the savings are written to hide their true meaning.
No <u>savings</u> should be made	7	k. Savings should not even be attempted to be made in this area, particularly as COVID has uncovered so many families in need
Remote working	7	l. Also agree that more working from home should be investigated to cut down on the amount of office space required.
Service quality	7	m. Savings shouldn't impact the quality of the Children's Services.
Wellbeing	7	n. I worry the impact of not having a safe office base to work from will impact employees mental health in the long run which will in turn cost the council more when they need to be signed off work or access other services.
Utilise technology	6	o. fine so long as you remember vulnerable people frequently do not have access to IT and human face to face contact is vital for assessment, support &

		monitoring working from home, by telephone & zoom etc are not a solution for many cases
Possible closure of Holt Hall	5	p. I disagree that closing Holt Hall is a good saving - its an investment in the future of our children and their environmental knowledge.
Services are vital	5	q. Your approach should be to again support the children, to be able to support them with a reliable and good education, especially for those with special needs,
Working together	5	r. The key to children's services is a joined up, co-ordinated approach that doesn't get bogged down in 'paperwork'

We also received feedback relating to each specific Children's Services proposal as below (the total number of comments is given, with illustrative quotes if over 5 comments made, and all quoted if fewer than 5 comments made):

Table 13: Comments on each specific Children's Services proposal		
Proposal	No.	Quotes (all given if fewer than five comments made)
CHL001 Expansion of 2019-20 CHS001 Prevention, early intervention and effective social care (reduced family court costs)	1	a. I broadly agree with CHL001 partly because it appears to make sense and also because it is the biggest cost saving. The bigger picture answer is probably an attempt to increase awareness of the huge responsibilities involved with looking after children and possible start a bias towards people taking more responsibility for there own actions and not expect the state to provide all of the answers.
CHL002 Expansion of 2019-20 CHS002 Alternatives to care (No Wrong Door model)	4	b. Seems very ambitious, but I assume it is already in progress. c. Agree but care required, there are far too many examples of children's services failing to intervene and children's lives are destroyed. Also tends to reflect very badly on councils involved in such serious cases and I suspect costs many hundreds of thousands of pounds in staff changes because the senior figures are never fired and always go with a significant financial and pension package rather than being prosecuted for dereliction of duty d. CHL002 is a lot of money to support very few young people without any well-evidenced likelihood of success and should not be pursued. e. These (006, 005, 004 and 002) seem sensible and in many cases obvious - why haven't they been done before?
CHL003 Expansion of 2019-20 CHS003 Transforming the care market and creating	0	f. N/A

the capacity that we need		
CHL004 New Transformation Programme Initiative	3	g. Childrens' Services is in a mess and has been for years. EHCR processes have ground to a halt. Children and placed in schools that cannot meet their needs and that costs a fortune to re assess or the child is taken out of the education system and 'home schooled'. I agree with the 'nearest school' for any student but in order for this to happen, the services must be applied equally across education h. These (006, 005, 004 and 002) seem sensible and in many cases obvious - why haven't they been done before? i. Saving costs on home to school is okay but the emphasis has to be on what's right for the child. The child must come first not the savings.
CHL005 Smarter Working	6	j. The improved IT, more home working sounds good so long as staff support is maintained. k. What does this really mean! Why doesn't it just say reduction in the number of staff. If so where? l. I very much like CHL005. m. Do not assume that everyone has access to computers and ensure that there is still easy access to a person for those who need a face-to-face contact. n. These (006, 005, 004 and 002) seem sensible and in many cases obvious - why haven't they been done before? o. I'd prefer to see greater savings made here, and fewer cuts made in other areas of childrens' care services
CHL006 Rationalisation and relocation of office accommodation	6	p. Rationalisation of office space sounds good so long as staff support is maintained. q. Strongly disagree. This is one-off saving only. Why doesn't the consultation say Holt Hall, when this is Holt Hall capital receipt. r. Proposal needs to be reconsidered and the impact of reducing office use on front line staff needs to be carefully considered. Otherwise I worry the impact of not having a safe office base to work from will impact employees mental health in the long run which will in turn cost the council more when they need to be signed off work or access other services. Front line practitioners also need a safe place to meet families and hold meetings. Virtual working does not work well in every case and some families could pose a risk to the safety of the worker. I think a consultation will Children's Services staff directly needs to be held before you consider this.

		s. I very much like CHL006. t. These (006, 005, 004 and 002) seem sensible and in many cases obvious - why haven't they been done before? u. I'd prefer to see greater savings made here, and fewer cuts made in other areas of childrens' care services

12. Feedback: Community and Environmental Services

257 people commented on our budget approach and proposals for Community and Environmental Services - noting the proposal for reducing recycling centre hours (CES006) and reducing the frequency of grass cutting (CES019) are detailed in separate proposals covered in sections 13 and 14 respectively. The key themes to emerge with respect to CES proposals cluster as below (number of mentions and illustrative quotes given in table 14):

- majority of those (51) commenting disagree (26) with proposals that would have a (perceived) negative impact on **Library staffing** levels or services (CES012); although a small minority are in agreement with such cuts and service re-designs being appropriate
- relatively balanced response to the proposal to stop providing **newspapers/magazines in libraries** (CES011) with some in agreement (6) owing to expedient need to make savings, and some in disagreement (4) owing to lack of alternative access and wellbeing impacts for those denied access.
- strong expression of disagreement (19) with the proposal to make **staff savings at the NRO** (CES009)
- a number of respondents take the opportunity to criticise the condition of **highways** and roadside maintenance, along with objecting to the Norwich Western Link
- impacts of **COVID-19** are mentioned in many contexts including the opportunities to prove remote working is effective, negative impacts on personal and organisation incomes (e.g. arts), driving up demand for services, impacts on behaviours (e.g. recycling), impacts on services (e.g. public transport), benefits for the environment (e.g. less grass-cutting) and more
- wide variety of comments upon **back office savings** including some in agreement, some in disagreement, desire for greater detail, challenge as to why not already realised, and other often critical observations
- in this context, as elsewhere, there is an expectation for council to make **savings on head-count, salaries, expenses and allowances** (amongst staff and councillors)
- aside from a couple of critical observations, there is a recognition that **Fire and Rescue services** are vital and should be ring-fenced from cuts that might impact services
- response to **remote working** are positive, with opinion that this has been proven effective, and should be continued/encouraged
- some polarity of opinion about making savings in the realm of **arts, culture and museums**, with the majority seeking to minimise cuts (often referring to the wider benefits to society); whilst some are in favour of lessening subsidies/funding to make the sector more self-sufficient
- a number of suggestions/criticisms with respect to **estate management**, and how these might be managed more cost-effectively with a few expedient measures (e.g. turning off lights in County Hall, reversing decision to build car park)
- **technology** is referenced in a number of contexts, notably in relation to enabling remote working, in facilitating access to services, and in enabling cost-savings through digitisation (e.g. replacing newspapers)

- again there is suggestion to adopt a fundamentally **changed approach** to the funding and/or provision of council services
- there are a span of comments about **public transport** ranging from observation on its vital importance and need for financial support, to suggestion it should be independently viable (or closed)

Table 14: Analysis of generic feedback on Community and Environmental Services proposals		
Key themes	No.	Illustrative quotes (verbatim)
Libraries proposal disagreement	26	a. I don't agree to any further reduction in community librarians. b. Do NOT reduce the staffing in Libraries which are essential hubs for local communities, especially as high streets and pubs close. Much better to find more activities for them to undertake.
Libraries (in general)	25	c. Not sure what impact reducing the number of community librarian posts will have on local libraries' services. Again, is this a temporary measure or is it likely to continue? d. Losing staff at libraries and the record office does not make sense when the county council are trying to work more with communities in prevention services in adult social care.
Newspapers proposal agreement	6	e. Good idea about stopping purchase of newspapers, can read online
Newspapers proposal disagreement	4	f. Should keep paper periodicals libraries as suspect many people who rely on them don't have access to the technology.
NRO proposal disagreement	19	g. I do not agree that cuts to the Norfolk Record Office is a good efficiency. We are in need of better record keeping and statistics not less, and the number of deaths needs to be accurately recorded to keep apace with changes. h. The record office and museums are a vital part of our heritage and must be accessible to all stratas of society. Increasing admission fees is counter productive and severely restricts their use by the community
Highways observations and criticisms	17	i. Money saved should be used-as a one off-to correct the appalling situation with filthy road signs being unreadable and even worse, badly obstructed signs by trees, bushes and other foliage which haven't been cut back for years, if indeed, at all. Surely, this is illegal.
COVID-19 impacts	16	j. Any savings that can be made without impacting on services, and by making the council more streamlined and efficient, are to be commended. The council are not the only ones hit financially by the pandemic mine and lots of peoples income has

		been reduced due to the pandemic due to being furlowed k. Keep the services. Do not cut. Pay after the pandemic is over.
Back office savings – including definition, detail and agreement	11	l. I don't believe that the savings are 'back office' after reading the accompanying staff proposal for the savings they appear to be outreach/educational posts involving community.
Reducing staff head-count	10	m. Reduce the employee cost. From my experience they are impotent and do not address issues. Why pay for a so called service that only gives it lip service
Fire & Rescue services	10	n. Highways, Fire Service etc are essential services. Cultural services, although of considerable importance, are not essential.
Support for Remote Working	9	o. Working from home has shown to save money for individuals and institutions and where this is appropriate can be encouraged?
Museums	8	p. I feel the libraries and museums are of great benefit to Thetford and their loss or reduction would be detrimental.
Proposals insufficient to form opinion	8	q. There is such a mixture of things in here, it is difficult to comment without fully understanding the imapct of what is proposed.
Arts, culture and museums funding cuts disagreement	7	r. I also feel that Norfolk Arts cuts are short-sighted as this loss of service support could have a deleterious effect on Norfolk's over all mental health - we need this more than ever.
Estate management efficiencies and savings	7	s. Your aim should be to move out of county hall, have a smaller building for meetings and hot desking, just think what that would save, £21 million easily.
Use of technology	7	t. Maybe the only plus of Covid-19 is the example of home working through technology. This has been very successful although I have no idea how much the council changed work practices.
Adopting a different approach	6	u. Keep the services. Do not cut. Pay after the pandemic is over
Public transport	6	v. In respect of transport services & this is more for central government I think Bus passes should be given to those aged 65+

We also received feedback relating to each specific CES proposal as below (the total number of comments is given, with illustrative quotes if over 5 comments made, and all quoted if fewer than 5 comments made):

Table 15: Comments on each specific Community and Environmental Services proposal		
Proposal	No.	Quotes (all given if fewer than five comments made)
CES001 Back office savings across CES (non-staff budgets)	3	a. Reducing travel costs sounds laudable but if it is essential travel cutting it does not help. Fundamental processes re-engineering and looking at the use of technology rather than several people travelling to the same meeting - which could be done via Zoom - is more efficient. b. You have identified many areas of savings of 'back office staff'. With COVID, I guess you had many people working at home. In 2022-23 I think you should review these working arrnagements to see if any should be taken forward as a new way of working. c. Do away with, Your norfolk mag, total waste, if not done already, buy space instead in the local newspapers as necessary to spread the word, must be cheaper than glossy colour mags
CES002 Back office savings in CES (staff budgets),	1	d. These savings do seem necessary, especially CES002
CES003 One off use of reserves to fund projects budget	0	e. N/A
CES004 Back office savings in the CES Growth and Development team (non staff budgets)	1	f. These savings do seem necessary, especially CES004
CES005 Savings achieved through procurement of new contract, reductions in waste disposal costs delivered through procurement of new contract.	1	g. Renegotiate disposal costs, a.s.a.p. invest in an incinerator to burn waste and generate electricity, in the right place, and with the correct filters, ask for quotes first , not cock up like before, could be income from that . There is/was an incinerator out Leeds way, was that clean you could breathe safely the air that came out of the top, so it can be done.
CES006 Reduction of opening hours at Recycling Centres	-	*This proposal may have an impact on service delivery so required wider consultation. The findings of this consultation can be found in section 13.*
CES007 Back office savings in CES Highways and Waste	1	h. Good. There is no need to travel these days, and indeed, it can be dangerous.

team (non-staff budgets)		
CES008 Culture and Heritage, service redesign and additional fee income	4	i. Completely defund culture and heritage and such like as it's non essential j. Art and culture services have been hit tremendously hard by the Covid 19 pandemic and deserve more not less funding. k. I have concerns about the reductions proposed to Culture and Heritage (CES008) and Record Office (CES009). l. The record office and museums are a vital part of our heritage and must be accessible to all strata soft society. Increasing admission fees is counter productive and severely restricts their use by the community
CES009 Staff savings at the Norfolk Record Office (NRO)	21	m. AGREE: Anyone wanting to use the Norfolk Record Office should pay an entrance fee. n. DISAGREE: I have been extremely concerned to learn that the Archive Specialist role is under threat due to this cut. Making cuts to this vital public-facing, community-based role will be extremely damaging to many vital community projects, including those which directly support mental health
CES010 Reduce Norfolk Arts Service (NAS) budget	6	o. AGREE: Reduce Norfolk Arts Service (NAS) budget by 75%, if people need to access NAS they should pay for it. p. DISAGREE: Not sure what limited service redesign means in reference to Arts Service (CES010) but the arts are vital, particularly at this time, but always.
CES011 Libraries, cease purchase of newspapers and periodicals for Norfolk libraries	15	q. AGREE: Newspapers are not required in libraries and that is a good saving. r. DISAGREE: Magazines and newspapers should remain available as not all have or can use internet. Many people elderly and less well off depend on this kind of resource and their lives could be impoverished by their loss.
CES012 Library service re-design (community library staff)	30	s. AGREE: I think you need to go further. How many libraries need to be open? Why not operate purely online library services? During lockdown, many voluntary groups and council members were responding to local need. t. DISAGREE: need to consider the impact this would have on the wider role libraries play in improving literacy, addressing loneliness, getting people on line - impact on equalities.
CES013 Back office savings in the Fire	3	u. do we have provision for a voluntary first responder fire brigade in the smaller towns and villages as they do in Germany? If not is this

Service (non-staff budgets)		something the council would like to review to see if it would result in any savings? v. These are short term measures that will have long term detrimental effects on the cultural amenities and resources of the county. w. I have missgivings about cutting input and funding into vital services such as fire and rescue (CES013, CES015) a service already under pressure from cuts, this is a life preserving service needed more now due to climate breakdown adding risk of heath and land fires.
CES014 Savings in Culture and Heritage including staffing savings	5	x. Do not cut culture, arts, heritage and leisure services which maintain the health of the public. y. Art and culture services have been hit tremendously hard by the Covid 19 pandemic and deserve more not less funding. z. I am strongly opposed to any cuts in spending on libraries and cultural and heritage services. The savings are small. The services provided are ones which can make a real difference in people's lives. While we focus on people's material well-being, there is a danger that the quality of people's lives is gradually being eroded and lost. aa. Although sad we need to spend far less on libraries and arts. These are luxuries and with digital services offered so widely not needed nowadays. If people wish to see and visit arts and museums then these need to be paid for by those wishing to use them. bb. It doesn't say what services are being affected.
CES015 Fire and Rescue Service, review of managerial and functional posts	4	cc. I don't agree with cutting the budget for staff training in the fire and rescue service dd. I have missgivings about cutting input and funding into vital services such as fire and rescue (CES013, CES015) a service already under pressure from cuts, this is a life preserving service needed more now due to climate breakdown adding risk of heath and land fires. ee. Care must be taken here as any reduction in training or equipment could have an impact on saving lives and property. ff. There should never be a reduction in training to the fire service
CES016 One off use of reserves, one off use of street lighting PFI reserve.	0	gg. N/A
CES017 Further Street Lighting LED upgrade	9	hh. Appreciate need energy efficiency but we need Dark Skies and to value this. Also negative impact on moths and night flying insects. So depends

		exactly what is being done. Fewer lights. Lower light levels. Switched off at 11.30pm. ii. Carry on with replacement of street lights with energy saving models.
CES018 Income Generation / recharging for services	2	jj. More to be done to generate income from sponsorship of roundabouts. kk. Agree and support
CES019 Reduction in grass cutting	-	*This proposal may have an impact on service delivery so required wider consultation. The findings of this consultation can be found in section 14.*
CES020 Back office savings in CES Highways and Waste	0	ll. N/A
CES021 Reduction in contract spend	4	mm. Contractors are expensive and often inflate prices when it comes to large businesses providing the work as they think they can afford it. nn. Ensure standards are maintained. oo. Contracts especially consultants should be reduced. More in house. pp. NCC spend far too much on highways

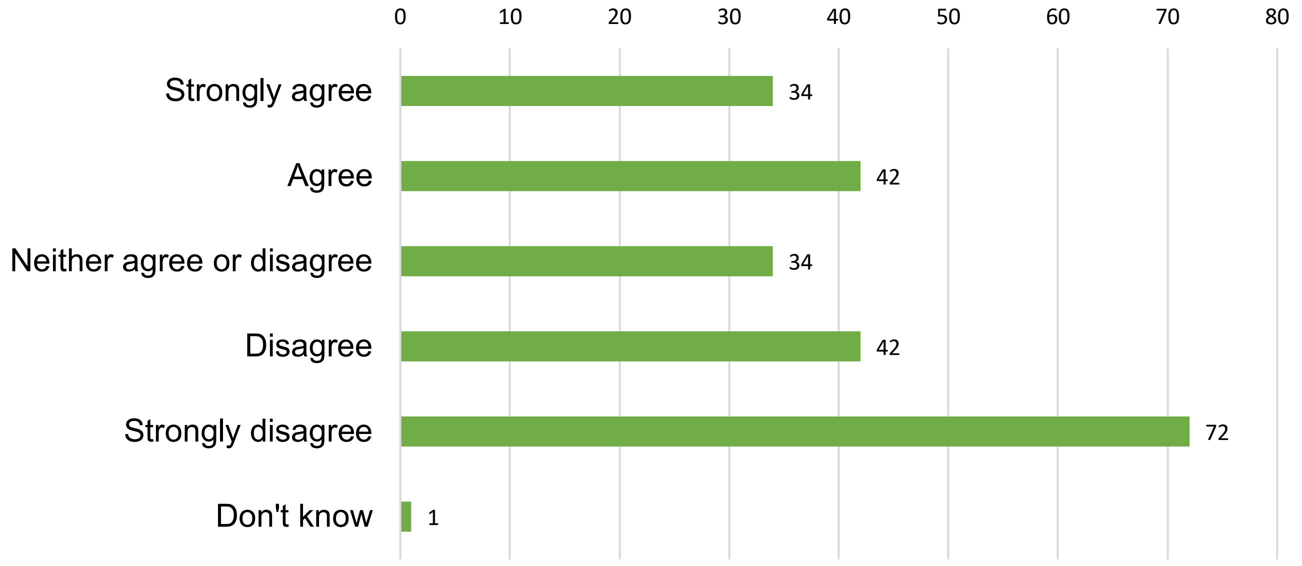
13. Feedback: Reducing Summer Opening Hours at Recycling Centres

Q: **How far do you agree or disagree with the proposal to reduce summer opening times by one hour at Norfolk's recycling centres (closing at 4pm rather than 5pm as for current winter hours)?**

225 people answered this question, responding as follows:

- **76 (33.8%) were in agreement**
  - 34 (15.1%) said they strongly agreed
  - 42 (18.7%) said they agreed
- 34 (15.1%) said they neither agreed nor disagreed
- **114 (50.7%) were in disagreement**
  - 42 (18.7%) said that they disagreed and
  - 72 (32.0%) said that they strongly disagreed
- 1 (0.4%) said they did not know

Chart 4: How far do you agree or disagree with the proposal to reduce summer opening times by one hour at Norfolk's recycling centres (closing at 4pm rather than 5pm as for current winter hours)?
(No. of respondents)



Those **strongly agreeing** (34) or **agreeing** (42) with the proposal tend to cluster feedback around these themes/perceptions (in descending order of frequency):

- agreement tends to be attributed to a simple **acceptance of the need** for cost-cutting measures, some without further consistent qualifications/comments, and some with caveats/cautions consistent with those in disagreement
- where agreement is substantiated this tends to be related to the desire to see **sites kept open**, and that this is a better alternative than any site closures
- the other main rationale for agreement is acknowledgement that this proposal **would not directly affect** the respondent, and therefore is agreeable
- Some caveat agreement with a caution about the risks of a resulting **increase in fly-tipping**, and the need to ensure this risk is minimised/addressed
- some caveat agreement with a caution about resulting **inconvenience in accessing** the sites, and the need to ensure this risk is minimised/addressed

Those **disagreeing** (42) or **strongly disagreeing** (72) with the proposal tend to cluster feedback around these themes/perceptions (in descending order of frequency):

- risk of an **increase in fly-tipping** as a consequence of people no longer being able to access the sites (64)
- sites being **inconvenient to access**, notably for those working
- Resulting **fly-tipping clear-costs** that the council will incur; and is therefore a **false economy**
- inconveniences of **increased queueing** at recycling centres due to condensed visiting patterns
- compounding the (perceived) negative impacts of **charging** – notably in discouraging recycling with knock-on fly-tipping and environmental impacts
- intrinsically '**inappropriate'** or 'unsuitable' proposal
- **Summer is the time of peak need/demand** for access to recycling centres (e.g. gardening, DIY projects, daylight hours etc.), and as such proposal inappropriate (with suggestion that the cut would be **better applied in winter**)
- recycling centres hours being currently insufficient (notwithstanding these further cuts), and that they **should be open later** rather than closing earlier
- **alternative configurations of opening hours** including open later into the evening, opening later in the morning (rather than close earlier), opening times varying across days of week/weekends
- **negative environmental impacts** owing to a combination of increased fly-tipping, discouraging recycling and pollution from queueing vehicles
- impacts of **COVID-19** are felt to have resulted in a greater opportunity/need for disposal of recyclable material, along with observation that COVID-19 is not a justification for such a proposal

The majority of comments from those of **neutral** opinion (34) are consistent with those mentioned in disagreement (albeit framed as risks/cautions rather than reasons to disagree), and include:

- recycling centres hours are currently insufficient, and that **closing at 4pm is too early**
- to be mindful of the impacts of **salary reductions for staff**
- risk of an **increase in fly-tipping** attributable to those no longer able to access the sites
- sites being **inconvenient to access**, notably for those working

Table 16: Analysis of feedback from people who agree/strongly agree with the proposal to reduce summer opening hours at recycling centres

Key themes	No.	Illustrative quotes (verbatim)
Acceptance of the need	15	a. Would support this proposal to reduce opening by one hour. Not ideal but justifiable to save resources for other areas. Increase in fly tipping always a possibility as a result. Would be a minor irritation to myself. b. Good idea, provided that the new opening times are well-publicized so that people know.
Beware risk of fly-tipping increase	9	c. Good idea to cut opening times but cameras needed to stop fly tipping at known spots. d. You can cut the hours and also be more harder on people who fly tip, not let them off the hook like you do at present.
Inconvenient to access	8	e. An earlier closing time would be inconvenient, but if it was a good money saving exercise, I would cope. I do worry about fly tipping though. f. I only agree to this as long as it doesn't affect the typical long weekend clearouts. Close it early 4 days a week and keep Fridays and the weekends longer.
Preferable to site closures	6	g. I would rather the centres close an hour earlier than to close completely. This wouldn't impact on me greatly and I would support this. h. I broadly agree with the principle of reducing the opening hours if the alternative is to shut some centers.
Won't affect the respondent	5	i. As I am now retired I find the proposed reduction in hours acceptable. However, I am also aware that, when working, the weekday hours were inconvenient and meant I could only go to my local tip at weekends. j. I am sure that people who use recycling centres will manage adapt to the change. It will not affect me.

Table 17: Analysis of feedback from people who <u>disagree/strongly disagree</u> with the proposal to reduce summer opening hours at recycling centres		
Key themes	No.	Illustrative quotes (verbatim)
Risk of fly-tipping increase	64	a. Why make it harder for people to dispose of their waste. This will simply result in further flytipping. b. I think this could well increase fly tipping, recycling needs to become more accessible not less in order to prevent this and save our countryside c. I really think this is not a good idea as this will just lead to more dumping in the countryside. d. This would mean anyone working normal daylight hours ie. 9-5 would not be able to use it during the week. Surely this would cause queuing and possible frustration leading to fly tipping e. I am concerned that it will increase Fly tipping which will ultimately be more expensive. f. There has been a considerable increase in fly tipping over the last two years and the proposal to yet further shorten opening hours will only exacerbate this situation.
Inconvenient to access	28	g. Don't reduce hours. Make it easier and cheaper to dispose of waste properly. Cleaning up illegally dumped waste costs far more in the long run. Think beyond the current pandemic. h. Centres will be busier if have reduced hours, and this will lead to increased waiting, possibly higher emissions from vehicles, will adversely affect people who work full time and have less flexibility in the hours they have. i. Making access to recycling centres any more difficult only leads to problems. This could lead to fly tipping. j. Sadly, the proposal underestimates the annoyance that many people experience when trying to undertake recycling at centres. Long queues, long waiting time, ill-mannered operatives who refuse/fail to offer any assistance to struggling users
Increased costs from fly-tipping clear-up	21	k. It will not affect me, but any reduction of the facilities to legitimately dispose of rubbish will lead to an increase in fly tipping, which is even more expensive to clear up l. I feel this is a false economy (70k) as reducing the hours together with the recently introduced charges for particular types of refuse only

		increases fly tipping which probably costs the council more in the long run.
Inconvenience from increased queueing	17	m. If recycle centres are too busy and not as easy to access then there may be more fly-tipping. n. Reduced opening will congest the visitors over a shorter day making the sites even busier during their sites busier times. May be OK on the rural sites or during week days but will have an adverse affect on a busy weekend in the Spring / Summer with possible queues and staff not being able to cope.
Compounding negative impacts from charging	17	o. Terrible. You want us to keep out county tidy. If you keep pushing people away or charging them, then you will find more fly tipping. Which will cost more. p. The increased charges for personal building waste is also counterproductive. People should be encouraged to be responsible with their waste but decreasing access or having unreasonable charges does not do this. See the bigger picture!!
Inappropriate proposal	13	q. A relatively small saving taken straight out of the pocket of Norfolk workers. This saving could be recovered by operating these centres in a more cost effective manner, better management of the materials and their income/cost and more efficient haulage
Summer not the suitable season for reduced hours (winter better)	13	r. Reducing the opening hours in the summer, when all the holiday homes are full, will inevitably lead to fly tipping, overflowing bins and general antisocial disposal of rubbish. Summer is by far the most important time to keep as much access as possible to this the amenity. s. It would less of an inconvenience if you close an hour earlier in the winter as there must be much less need to dispose of garden rubbish. t. Spring time is when people start gardenjng and pruning and cutting down takes place.
Sites not open <u>long</u> enough	11	u. We need these centres to be open for more hours not less. Reducing opening hours will increase the local illegal dumping areas to increase and become a real nuisance to locals and local wildlife. v. They are not open long enough and too many restrictions on what you can take and how much you can take.
Alternative hours suggested	10	w. It would be more useful to have the reduced hours so the centres open at 10am and close at 5 in summer. But overall I think it is a bad

		idea and will only lead to more fly tipping which will annul the saving
Sites not open <u>late</u> enough	10	x. Do not reduce opening times. People are familiar with the times. Good to have later opening, to allow people to get there on weekend, and after work. I would probably have to keep more rubbish at my home, and I suspect I would have to wait in longer queues at the centres. Why not reduce staffing? During lockdown there seemed to be plenty of men sitting in chairs questioning drivers.
Proposal discourages recycling with resulting negative environmental impact	15	y. I don't think they should be reduced. It will lead to longer waiting times and more engine exhaust emissions in the queue causing dangerous greenhouse gas emissions z. Seems amazing that reducing opening hours by an hour a day can result in such large savings. Why not outsource the recycling centres which would remove staff costs from your budget and incentivise the 3rd parties to increase the amount of recycling. Once again penalising people for recycling their DIY waste is not cost effective.
4pm closure is too early	8	aa. No I work 8 till 4 so that means I cannot use the centres all year around unless I queue at the weekends. bb. I don't finish work until 4pm at the earliest. If the recycling centres all closed at 4pm when would I be able to use these services? Answer - Never.
Impacts of COVID-19	5	cc. I strongly suspect this will backfire and lead to a surge in fly tipping. We saw during the COVID lockdown an increase in fly tipping and the costs of cleaning this up must surely be greater than the cost of keeping these centres open for a few hours a day. dd. Since the start of the Covid-19 pandemic we have seen much more fly tipping in Norfolk. Anything that makes it more difficult or inconvenient to dispose of waste properly will increase this even more.

Table 18: Analysis of <u>neutral/other</u> feedback by people in relation to the proposal to reduce summer opening hours at recycling centres

Key themes	No.	Illustrative quotes (verbatim)
4pm closure is too early	13	a. I think it would be better to open in summer later and close later, as the current times, don't help people who work.

		b. I think it will be ok, however, what would happen if you opened at 10am and closed at 5pm. Maybe people would rather a later close if they have been gardening during day and want to drop off stuff at the end of the day?
Risk of fly-tipping increase	8	c. Please bear in mind the likely increase in fly tipping. d. If it's the only way to keep them open, then do it. But it will increase fly-tipping further. Let's see some prosecutions of fly-tippers. Money spent on prevention (cameras at well-known spots, not leaflets or advertising) would be a good idea.
Compounding negative impacts from charging	8	e. Charging for DIY waste has been a disaster - fly-tipping has increased massively in West Norfolk. f. Not a problem but should stop charging for certain items as it encourages fly tipping
Staff salary reductions / impacts	5	g. I do not agree with the changes proposed due to the reduction in hours for the staff. The employment market is already difficult at this time and reducing staffs hours and wages would potentially cause financial difficulty. h. They will be more fly tiping as they has been since certain charges have been introduced and not fair if staff have a reduced income i. I am disappointed that people will loose their hours and potentially that it may create the remaining hours busier. However I think the savings outweigh the loses.
Open 10am to 5pm	5	j. It would be more useful to have the reduced hours so the centres open at 10am and close at 5 in summer. But overall I think it is a bad idea and will only lead to more fly tipping which will annul the saving k. Sounds like it has been thought out but I would have preferred the hours to be 10 to 5 which means the same cost saving. Would be interested to see what percentage of visits occur between 9 and 10
Inconvenient to access	4	l. Take care in reducing further the accessibility to recycling centres. m. This does not help working people or people on shift work Maybe some days of later start and later finish would make more sense.

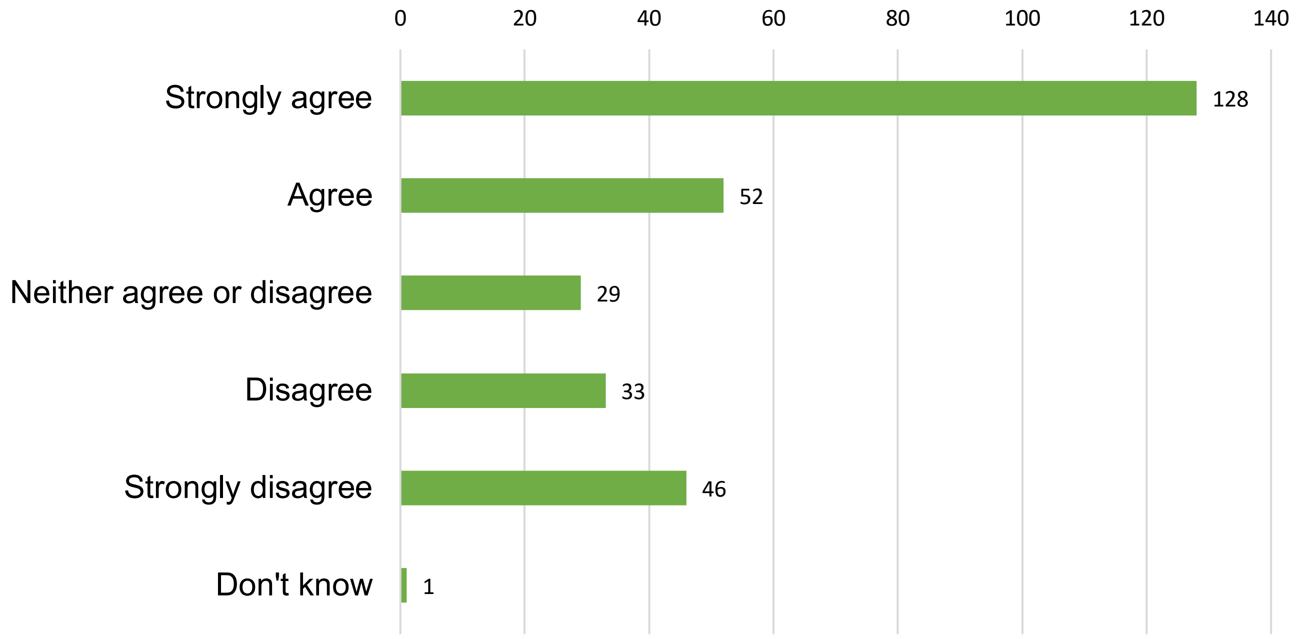
14. Feedback: Reducing Frequency of Roadside Grass-Cutting

Q: **How far do you agree or disagree with our proposal to reduce the frequency of urban and rural roadside grass cutting?**

289 people answered this question, responding as follows:

- **180 (62.3%) were in agreement**
  - 128 (44.3%) said they strongly agreed
  - 52 (18.0%) said they agreed
- 29 (10%) said they neither agreed nor disagreed
- **79 (27.3%) were in disagreement**
  - 33 (11.4%) said that they disagreed and
  - 46 (15.9%) said that they strongly disagreed
- 1 (0.3%) said they did not know

Chart 5: How far do you agree or disagree with our proposal to reduce the frequency of urban and rural roadside grass cutting?
(No. of respondents)



Those **strongly agreeing** (128) or **agreeing** (52) with the proposal tend to cluster feedback around these themes/perceptions (in descending order of frequency):

- **benefits to wildlife** and/or **wildflower protection**
- qualifying agreement and/or these benefits above with requirement not to compromise **safety**
- need to consider the **timing of cut** (after flowering, Autumn)
- requirement not to compromise safety by reducing **visibility**
- generic expression of **environmental benefits** (24), in addition to specific mention of wildlife and/or wildflowers,
- **aesthetic** appeal and improvement
- a “**win win**”, with cost savings on the one hand, and environmental benefits on the other
- suggestion to **reduce the frequency of cutting further** (in either or both urban and rural areas)
- benefits to **well-being** as a consequence of enhanced aesthetics and/or environmental benefits
- the need also to attend to the management of **hedge-cutting** for reasons of safety and/or environmental benefits
- need to manage **collection of cuttings** for greatest environmental advantage (most in favour of collection, but some not)

Those **disagreeing** (33) or **strongly disagreeing** (46) with the proposal tend to cluster feedback around these themes/perceptions (in descending order of frequency):

- compromise to **safety** with risks to all road users (non-specific)
- compromise to **visibility**, with resultant safety risks
- reduced **aesthetic** appeal from over-grown or untidy verges
- **pedestrian safety** risks specifically
- **cyclist safety** risks specifically
- the need also to attend to the management of **hedge-cutting** for reasons of safety and/or environmental benefits

Other prominent themes amongst those **neutral** (29), or where opinion is balanced between positive and negative feedback, include:

- recognition of the benefits but observing on risks of compromising **visibility**
- recognition of the benefits but observing on risks of compromise to **safety**
- the need also to attend to other **highways maintenance** matters, principally for reasons of safety
- suggestion for **alternative frequencies of cut**, notably accepting of urban frequency reduction, preferring not to reduce rural cutting frequency for safety reasons

Table 19: Analysis of feedback from people who agree/strongly agree with the proposal to reduce the frequency of roadside grass cutting		
Key themes	No.	Illustrative quotes (verbatim)
Wildlife protection and benefit	86	a. I am all in favor, the roadside verges are a haven for wildlife and should only be cut in the autumn if at all. So long as we see the kerb leave the verges alone. b. Agree that cutting can be reduced on verges which will be beneficial for wildlife, including wild flowers and pollinating insects. c. An excellent proposal if applied with sensitivity to ensure optimum benefit to wildlife. d. I would be in favour of this policy as it reduces CO_2 emissions and gives wild flowers, insects and small mammals more opportunity for food, habitat and seeding. e. A good idea for wildlife and saving money if the council can't manage their money correctly
Wildflower protection and benefit	75	f. This is long overdue and will be of great benefit to our remaining wildflowers g. I am in favour of the reduction in grass cutting to favour the expansion of our wild flower population, provided the cuts are carried out at appropriate timings for the flowers and not for the convenience of the "cutters". h. This will enhance wildlife and plants which is a good thing. i. It's a great idea. Do it and do it more. Create roadside nature reserves. Rewild. j. Fine with me as long as rural roads cutting done at an appropriate time of year to benefit wildflowers and associated wildlife.
Agreed with consideration for safety	49	k. I agree - it will be good for wildlife and flora and will not have a serious impact on road visibility providing this is not used to cut maintenance to culverts and road drainage - that is essential to prevent flooding. "Targeted" cutting in "black spot" areas is a far better use of resources. l. Support it wholeheartedly - manage for biodiversity. To improve road safety - reduce speed limits at junctions. Plant more trees and hedgrows. m. I think its fine as long as it does not compromise road safety. Probably better for wildlife anyway. n. Can you consider the cutting regime to take account of flowers and wildlife whilst still keeping the road users safe?
Consider timing of cut	37	o. Fine with me as long as rural roads cutting done at an appropriate time of year to benefit wildflowers

		and associated wildlife. One autumn hay cut and arisings removed would work. p. I think this is a great idea. Please try to avoid trimming verges (where safe to be left) until after flowering has finished. Verges not only look beautiful but provide vital habitat for wildflowers and wildlife. q. Timing of the one cut is crucial in the more rural areas, which are more likely to have more significant biodiversity interest.
Agreed with consideration for <u>visibility</u>	37	r. As long as it is not overgrown so as to interfere with visibility on roads. s. Only cut verges where sight lines are seriously affected. Otherwise leave alone and give wildlife a chance.
Environmental benefits	24	t. Even if there was not a need to make savings this would be an environmentally sound and sensible policy. On the one hand it would reduce unnecessary release of climate- warming gases like carbon dioxide. Perhaps more importantly if cutting was at the right time of the year it would benefit flowering herbs that are essential for our highly threatened pollinating insects, especially bees. u. Less cutting (and cutting at the right time) equals environmental benefits too. See what Dorset, Lincs and others are doing to reduce cutting and increase biodiversity on verges.
Aesthetic enhancement	18	v. Seeing verges full of wildflowers in May and June will fill me with joy. w. Fine. Should reduce A and B Road cuttings too and only maintain junctions. Wilder roadsides look much nicer and are more environmentally friendly.
A 'win win' outcome for environment and budget	13	x. Its a non brainer. It's a triple win. y. I feel strongly that this is a good proposal, saving funds and benefiting semi-natural plant and animal communities. z. I think reducing cutting of verges (and hedging ??) is an excellent way of reducing cost and improving these areas for wildlife.
Suggestion to reduce number of cuts further	11	aa. I think roadside grass cutting is only necessary where safety is a concern. I fully support the reducing of highway grass cutting and would go further and completely stop all grass cutting that isn't needed for road safety reasons. bb. Excellent idea. Not only for saving costs but we need to be increasing our biodiversity and giving pollinators more opportunities. I would support even less cutting.

Well-being benefits	11	cc. Environmental benefits would accrue & have benefits, post pandemic, for the mental health of everyone. dd. Cutting late is good for wild life so good for people
Address hedge-cutting too	10	ee. It will help all wildlife verges and hedges slashed to within 1mm of their life are no good to pollenating insects or other wildlife and so destroy the natural biodiversity ff. Anything that promotes wildlife is good. This also applies to hedge cutting, which is often done at the wrong time of year (when birds are nesting/nestbuilding).
Consider 'Cut-and-collect' protocols too	8	gg. The savings could help support roadside nature reserves and their management as these are the most important verges and need raking off and only cutting once at the right time of year. hh. I agree with the proposal as I want to see wildlife protected & more wildflowers growing on verges to support insects. I would request late summer early autumn cut for rural roads & cut and collect for all roads to increase chances of wildflower growth. ii. Collection of cuttings will reduce soil fertility and lessen the competitive advantage of grasses over flowers.

Table 20: Analysis of feedback from people who disagree/strongly disagree with the proposal to reduce the frequency of roadside grass cutting		
Key themes	No.	Illustrative quotes (verbatim)
Safety risks (generic)	56	a. I disagree with this decision due to safety issues if grass is left to get out of control near roads. b. I'm afraid I am someone who is against this idea. Obviously safety is one. It is vital that overgrown bushes etc along roads, including many rural ones are cut more than once a year. Not only is it a problem to cars but more often, it is pedestrians and cyclists who have to avoid this and move further off a pavement (if there is one) or into the road. c. While I agree with keeping costs under control, I believe cutting the number of times that verges are mowed will have safety implications. Often vision is impaired at junctions when the verges are allowed to grow unchecked. d. A reduction of grass curing on country roads from twice to once will make those roads less safe for us who live in Villages.
Visibility hazards (generic)	53	e. The verges on many roads are already visibly impaired and with less cutting of said verges this would increase the lack of visibility further and also

		issues arising from obstacles in the verges such as debris and ditches would no doubt increase also. f. Strongly against. Will reduce view when pulling out of junctions. Real risk to life g. Where there are junctions on any B-C and unclassified roads, then the verge needs to be cut for at least 100yds either side of the junction, also cut when coming to a bend , either side of the bend, again 100yds,the rest can be once a year.
Aesthetic compromise	13	h. The matter of aesthetics where people say they prefer closely mown and tidy verges comes down to what people are used to and expect. i. I also feel that keeping grass tidy improves the look of the area and attractiveness which is important in attracting new people to the area and visitors.
Safety risk to pedestrians (specifically)	11	j. Reducing urban and rural roadside grass cutting on C & U rural roads, might make it difficult for walkers to mount the grass verge to get out of the way of traffic on narrow rural roads. k. Reduced grass cutting, apart from being unsightly, forces pedestrians into the roads. Major safety implications.
Safety risk to cyclists (specifically)	6	l. I suspect this is just a money saving exercise that at a practical level will be implemented without thought and that it will not give rise to the ecological benefits claimed and will make life difficult for people on foot or cycling who need to keep out of the way of traffic. m. I do not support the reduction in grass cutting to once per year as I think this will be dangerous to cyclists and motorbike drivers who are less likely to be seen by car drivers.
Address hedge-cutting too	5	n. As I live in a rural area this affects me, worried about the safety aspect of not cutting hedges on already roads with poor visibility. o. In the County hedges don't need trimming as often as they are currently especially when they are set far back from the road. Hedgerows in other parts of the country are better managed and more attractive thus enhancing the visual quality of the countryside as well as improving bio-diversity

Table 21: Analysis of neutral/other feedback by people in relation to the proposal to reduce the frequency of roadside grass cutting

Key themes	No.	Illustrative quotes (verbatim)
Visibility hazards (generic)	16	a. I would like to see road verge cutting carried out to benefit wildflowers, pollinators and other wildlife as much as is possible with road safety as the primary concern.

		b. Think rural roads should not have cutting reduced. Rural roads are already dangerous for all-especially pedestrians, reduced cutting means reduced vision on country roads.
Safety risks	14	c. Your approach seems to be to make smaller roads more dangerous so while I would love to support this, I can't. d. Again as long as junctions are cut the rext doesn't matter e. I understand the need to make savings but just be careful about road safety and collisions. please link in with causality reduction partnership and ensure you have mapped out all current collision hotspots to ensure they are managed.
Broader highways maintenance considerations	8	f. I live on a 'U' class road with 'blind' 90-degree bends and uncut verges pose a significant safety hazard as well as being aesthetically detrimental and unsightly. Such roads already suffer from being 'low-priority maintenance' in terms of pothole repair, resurfacing, gully-cleaning and verge-cutting. g. Visibility may be impeded resulting in more accidents. The council could be at risk of claims for poor highway/roadside maintenance. h. You can't look to lower costs without incurring lower standards. I would point out more attention needs to be made of clearing overgrown tree & shrubbery covering roadsigns some of which are Safety signs & some directional
Suggestions to reduce urban not rural cuttings	7	i. I agree with the reduction to urban roads but I strongly disagree with the reduction on C and U roads divining round rural Norfolk is already often not good with vegetation hiding/ obscuring signs/warnings I believe safety would be compromised by this proposal. j. Leave rural grass alone. OK cut urban grass cutting back to three p.a. k. It seems to me that reducing urban cutting from 5 to 4 should have no significant impact but slashing rural cutting by half would have considerably more impact.

15. Feedback: Strategy and Governance

123 people commented on our budget approach in Strategy and Governance. The key themes to emerge included:

- expectation for council to make **savings on staff head-count**
- benefits, and constraints, in using **technology** to realise cost savings
- demand for **increased efficiency** in council operations and management
- expectation for council to make **savings on salaries**
- observation that unable to form opinion owing to **unclear proposals**
- **reduction of waste** (resource, effort, staff), notably where resulting in financial inefficiency
- merits of **digitising Your Norfolk** (6 in favour of some paper copies, 1 in favour of full digitisation)
- desire to see a fundamentally **changed approach** to the funding and/or provision of services
- expectation for council to make **savings on expenses and allowances**
- better **estate management** of facilities occupied/managed by the council
- benefits, and risks, of **remote working** (as proven during 2020 lockdowns)
- need to support **vulnerable**, and notably ensure not isolated by technology

Table 22: Analysis of generic feedback on Strategy and Governance proposals

Key themes	No.	Illustrative quotes (verbatim)
Reduce staff head count	17	a. Reduce staff numbers and the remuneration of senior staff.
Utilise technology (with some caution)	15	b. With the IT systems available more savings could be achieved but this is a start
Increase operational efficiency	14	c. We need to be very sure NCC have made every effort to look at all departments to ensure there are not more savings to be made, people or otherwise. To then ensure resources, human and financial are put into those areas that are crucial to the well being of the people of Norfolk, particularly in the aftermath of Covid-19, which doesn't seem to have been the case over recent years.
Make savings on staff salaries	12	d. Just cut some costs that are unnecessary, massive wages, pay-outs, etc. do not go down well with the public, who have to pay for them.
Make savings on travel, expenses and allowances	10	e. We have survived a whole year without a council chairman and budget etc so scrap their cars, staff, hosting budget etc.
Proposals insufficient to form opinion	9	f. It is hard for a resident to comment on such proposals as we do not have the full cost benefit analysis information so we largely have to trust

		council officers to strike the best compromise they can
Waste reduction	8	g. Scrap pointless positions and projects. What exactly is an ADSO? Why do we need them? h. Your Norfolk - just put it on the website for people to read and stop sending stuff out - it's wasteful, and expensive.
Retain (some) paper copies of Your Norfolk	7	i. This seems to be a small saving in the overall picture of things. I am less likely to read a digital version of Your Norfolk which I would regard as yet another thing to look at in my inbox.
Adopt a different approach	6	j. These should be cut right back to protect frontline services. Member allowances should be reduced to a reasonable level next year and then not increased for the next 2 years. The council should petition the government to move to a unitary model across norfolk to drive savings across the full local government system.
Estate management efficiencies	4	k. Move out of Norwich. Sell the land and move to a cheaper site. Using agile working and regional outreach sites such as District Council buildings, library sites etc to reduce costs.
Remote working efficiencies	4	l. Undertake a review of working arrangements to identify savings from home-working that was necessary with COVID
Support the vulnerable	4	m. New technology is one way to go, but shouldn't be the only way, resources need to be considered for the elderly and vulnerable that don't know how to use it or access it.

We received feedback relating to each specific SGD proposals as below (the total number of comments is given, with illustrative quotes if over 5 comments made, and all quoted if fewer than 5 comments made):

Table 23: Comments on each specific Strategy and Governance proposal		
Proposal	No.	Quotes (all given if fewer than five comments made)
SGD001 nplaw Structural Review	0	a. N/A
SGD002 Democratic Services Review	0	b. N/A
SGD003 Information Governance	0	c. N/A
SGD004 Your Norfolk Digitisation	9	d. Your Norfolk should be available in paper form yo those without pcs. An opt in receipt for paper version should be available. Paper version should be available in library even if just a digital print out.

		e. Your Norfolk magazine digitisation would exclude many people that are not online. The magazine's content is pretty poor - would be better to scrap it entirely and make a real cost saving! f. As not all residents have personal devices to access digital content, and many do not feel physically comfortable using a library PC, I would like a limited number of Your Norfolk to continue being distributed to all libraries, for use in the library only. g. Would going digital disenfranchise some people. There are still those who do not use computers.
SGD005 Strategy and Governance back office savings	1	h. Review of printing contract definitely.
SGD006 Professional Lead Model	1	i. Sounds good but run the risk that professional leads lack in depth understanding of what the needs and reality are in individual services. This is already an issue with senior managers across services. need to look at ways of ensuring this does not happen eg a critical friend function provided by frontline managers or using staff undergoing management training
SGD007 Democratic Services (staff budgets)	0	j. N/A
SGD008 Elections Funding underspend (one-off release of reserve)	1	k. I don't understand what is meant by 'focussed management of the election facilitation' to deliver an underspend. This is an important part of our democracy, and I would like NCC to be clearer so that all of the electorate can understand what is being proposed.
SGD009 Further savings to deliver a net 2.75% reduction in staffing budgets across Strategy and Governance teams	0	l. N/A

16. Feedback: Finance and Commercial Services

87 people commented on our budget approach in Finance and Commercial Services. The key themes to emerge included:

- A range of largely positive opinions and suggestions are made with respect to **technology**, noting its potential to provide efficiency and cost savings (providing implemented with adequate support)
- Attention is drawn to the potential for further savings through reductions in **staff salaries**
- Need to accommodate impacts, and learnings from working around, **Covid-19**
- Attention is drawn to the potential for further savings through reductions in **staff head-count**
- As a counter-point to suggested review of salaries and head-count, is the desire to see **staff retention** or redeployment as far as practicable

Table 24: Analysis of generic feedback on Finance and Commercial Services proposals

Key themes	No.	Illustrative quotes (verbatim)
Embrace of technology	12	a. Difficult to understand the impact,but might need to strengthen IT support and invest in more technology if staff are working remotely in the future. b. Increasing use of technology does not always save money unless their is a robust benefits realisation programme in place. Tasks are often performed twice to ensure the technology earns its keep. Also constant reduction in staff costs might look good in the short term but over time decreases the skills base and flexibility. c. The pandemic has changed how people pay and I don't think that Norfolk County council has fully kept abreast of the payment methods being used which could make for substantial efficiencies. Ie: allowing Paypal/Google Pay payments instead of payments by cheque or in person. d. Greater digitisation and on line transactions will save money if well managed and implemented.
Savings on staff salaries	8	e. As with all financial functions the Council should always look to increase output per £1 spent. I'm not convinced that these proposals will achieve that. One would hope that ALL local authority salaries will be frozen until the economic environment improves. f. Stop increasing the Councillor's and Councillor Workers' pay increase over the Inflation Rate .
Impacts of COVID-19	4	g. Undertake a review of working arrangements to identify savings from home-working that was necessary with COVID

		h. With successful vaccines coming online, it seems a squandering of finances and resources to be investing addition funds into covid related matters.
Reduction in staff head-count	4	i. A significant number of small savings which lead to a more worthwhile number. Are you certain that staffing levels could not take a bit more of a weighing?
Retention of staff (and their skills)	4	j. In general absolutely no involuntary redundancies or layoffs as it is critical at this time people retain their jobs in order not to increase the financial burden on the councils and the state in general. k. I think people in redundant posts should be redeployed rather than made redundant.

We received feedback relating to each specific FCS proposal as below (the total number of comments is given, with illustrative quotes if over 5 comments made, and all quoted if fewer than 5 comments made):

Table 25: Comments on each specific Finance and Commercial Services proposal

Proposal	No.	Quotes (all given if fewer than five comments made)
FCS001 Automation of IMT processes (staff budgets),	0	a. N/A
FCS002 New network and telephone support arrangements	0	b. N/A
FCS003 Reduced expenditure on the corporate printing contract	0	c. N/A
FCS004 Schools IT reduced cost and increased income	1	d. I'd say leave school IT alone given its importance in covid times
FCS005 Switching all IMT mobile phones over to bring your own device (BYOD)	3	e. Are there any security issues here? f. Switching all IMT mobile phones over to bring your own device (BYOD) - All equipment for use at work should be provided - potential security / confidentiality risks. Potential costs of administering service of individual phones may exceed cost of providing phones? g. BYOD will entail an increased security overhead, so you will replace a standard system with many different ones. This will cost a load on IT charges, and expect greater risk from hacking and social engineering. On the upside, you can get rid of the budget for buying personal devices. I suggest you give staff the opportunity to buy those they are

		using at a good discount. That way, you maintain some level of control.
FCS006 Reduced expenditure on software applications such as Adobe Acrobat and MS Project	0	h. N/A
FCS007 Travel and transport budget in IMT	0	i. N/A
FCS008 Increased Data Centre Income	0	j. N/A
FCS009 One-off use of reserves	0	k. N/A
FCS010 Vacancy management within Internal Audit Service	0	l. N/A
FCS011 Introduction of new technology and reduction in posts in Finance Exchequer Services	1	m. Could potentially increase pressure on middle managers, especially if systems are designed for finance staff use not infrequent users. How about a review of how well all this self service is working before dumping more work on staff
FCS012 Benefits realisation from the HR & Finance System replacement project in Finance Exchequer Services	0	n. N/A
FCS013 Corporate Property savings in direct revenue costs	0	o. N/A
FCS014 Further savings to deliver a net 2.75% reduction in staffing budgets across Finance and Commercial Services teams	1	p. Appears short sighted. Other departments have seen vacancy management and then struggle to recruit or achieve targets because of a lack of staff and qualified staff.

17. Feedback: Finance General

75 people commented on our budget approach in Finance General. The key themes to emerge cluster around:

- expectation for council to make **savings on salaries**
- expectation for council to make **savings on staff head-count**
- expectation for council to make **savings on expenses and allowances**
- Accommodating the impacts of **COVID-19**
- Using in-house resource with greatest efficiency, and minimising **outsourcing**

Table 26: Analysis of generic feedback on Finance General proposals		
Key themes	No.	Illustrative quotes (verbatim)
Make savings on staff salaries	9	a. Reduce salaries of staff
Reduce staff head count	5	b. I believe the whole system would function better with fewer numbers of people and a substantial reduction in their "bosses" and their salaries which have got out of hand compared with the Private Sector.
Make savings on travel, expenses and allowances	4	c. Yes, stop voting continuous pay rises for the county councillors, while its alongside reducing services. d. There are far too many meetings of far too many Members and consequent costs for expenses, travel allowances, costs of officer support and other wastage.
Impacts of COVID-19	3	e. I think some public service staff have had a tough time keeping everything going for the public in covid times, it is essential that staff are treated correctly and not penalised by cost cutting. Smarter working and less on councillors and other roles like that may be able to be cost cut first.
Do more inhouse with less outsourcing	3	f. Stop using consultants and outside advisors. You have enough overpaid managers to carry out all jobs, so stop paying for what you should already have in house.

We received feedback relating to each specific FIN proposal as below (the total number of comments is given, with illustrative quotes if over 5 comments made, and all quoted if fewer than 5 comments made):

Table 27: Comments on each specific Finance General proposal

Proposal	No.	Quotes (all given if fewer than five comments made)
FIN001 - One off release of Organisational Change Fund	0	a. N/A
FIN002 - Insurance review (One-off use of reserves)	1	b. Why is this not being extended? The balance between premiums and risk should always be under review, perhaps with the intention of recovering any loss from third parties more frequently than writing off and claiming on insurance.
FIN003 - Interest Payable / Receivable	0	c. N/A
FIN004 - Employer pension contribution payment in advance	2	d. I would like more details about how these proposals migh effect our pensions, but should not be agreed without further consultation. e. Their is an urgent need to modernise the whole pension provision in Local Government and away from " Defined Benefits" and onto "Defined Contributions" As has occurred in the private Sector.

Norfolk County Council

Proposed budget for 2021/2022

Overall summary
Equality and rural impact assessment report

For further information about this report please contact Jo Richardson, Equality & Diversity Manager:

Telephone: 01603 223816
Email: jo.richardson@norfolk.gov.uk
Text relay: 18001 0344 800 8020
Fax: 0344 800 8012

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

Contents

Appendix 6: Equality and Rural Impact Assessment

Introduction

1. This report summarises the findings of equality and rural impact assessments of Norfolk County Council's proposed budget for 2021/2022.

2. Equality and rural assessments enable elected members to consider the potential impact of decisions on people and communities prior to decisions being taken. This enables mitigating actions to be developed if detrimental impact is identified.

The legal context

3. Public authorities have a duty under the Equality Act 2010 to pay due regard to:

   - Eliminating discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act[1];
   - Advancing equality of opportunity between people who share a protected characteristic[2] and people who do not share it[3];
   - Fostering good relations between people who share a protected characteristic and people who do not share it[4].

4. The full Act is available here.

Summary of findings for 2021/2022

5. In total, equality and rural impact assessments have been carried out on all budget proposals for 2021-2022. This includes the proposal to increase council tax and the Adult Social Care precept.

6. Based on the evidence available, it is possible to conclude that some proposals may have a positive impact on people with protected characteristics, and some proposals may have a detrimental impact, for the reasons set out in the report.

7. The Cabinet is therefore advised to take these impacts into account when deciding whether or not the proposals should go ahead, in addition to the mitigating actions below.

8. Some of the mitigating actions will address the detrimental impacts identified in this report, but it is not possible to address all the detrimental impacts.

9. In consequence, therefore, the task for the Cabinet is to consider the various impacts set out in this report, alongside the many other factors to be taken into account to achieve a balanced budget that focuses the Council's resources where they are most needed.

10. The findings of the assessments are set out in **Appendix 1**.

Contextual issues to take into account

11. When considering the impact of its budget proposals on people with protected characteristics, the Council is required to take into account the cumulative impact of all the proposals, together with other relevant social factors, such as:

    - The impact of COVID-19 on Norfolk
    - The impact of increased use of digital, web-based and virtual technology to deliver services
    - Population changes and trends

- Deprivation and poverty
- The economy, the rising cost of living and changes to welfare reform
- Health and wellbeing
- Crime and disorder
- Rurality
- Past changes to services such as a need for service users to start paying for some services or towards the cost of their care.

12. In view of this, the findings of the equality assessments of the budget proposals for 2021-2022 should be considered alongside the following information:

- The findings of public consultation on the proposals for 2021-2022, set out elsewhere on the agenda.
- The equality impact assessment of resilience and recovery planning for COVID-19
- The Council's Digital Inclusion Strategy, and the common barriers that disabled people and people with other protected characteristics face when getting online and accessing digital information and virtual environments[5].
- Norfolk's population data and trends, set out in Norfolk's story.
- Past reports to Full Council on equality impacts of budget proposals, specifically those that at the time identified a potential for detrimental impact. The Council does not wish to underplay the significance of any of the difficult decisions it has had to make in the past in order to balance the budget and protect as many essential services as possible.

Other information

13. It is important to note that the assessments set out in Appendix 1 only consider the impact of the Council's budget proposals for this year.

14. For obvious reasons, they do not detail the various positive impacts of the Council's day-to-day services on people with protected characteristics or in rural areas, such as: the proposed programme of capital investment for 2021-2022; promoting independence for disabled and older people; supporting children and families to achieve the best possible outcomes; keeping vulnerable adults and children safe; and lobbying nationally on the big issues for residents and businesses.

Human rights implications

15. Public authorities in the UK are required to act compatibly with the Human Rights Act 1998. There is no evidence to indicate that there are any human rights issues arising from the proposals.

Mitigating actions

16. The following mitigating actions are proposed, to address the impacts set out in this report:

	Action/s	Lead	Date
1.	Executive Directors to ensure that the proposals are implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements.	All Executive Directors	From 1 April 2021

	This means that where appropriate, reasonable adjustments would be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010.		
2.	Executive Directors to monitor the development of implementation plans for each budget proposal, in accordance with the Public Sector Equality Duty. If, during implementation, it emerges that a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting these assessments, this to be reported to Cabinet, to enable Cabinet to give due regard to the Public Sector Equality Duty in accordance with the Equality Act 2010, to agree next steps before proceeding further.	All Executive Directors	From 1 April 2021
3.	HR to provide equalities data to departmental management teams via the HR dashboard for monitoring purposes. This will include whether staff with protected characteristics are disproportionately represented in redundancy or redeployment figures. If any disproportionality arises, this is to be reported to Cabinet.	Senior HR Consultant (Workforce Insight))	From 1 April 2021

Evidence used to inform these assessments

- Norfolk budget proposals 2017-2018 to 2020-2022 – consultation documents, consultation findings and background papers, as previously reported to Full Council each February
- The equality impact assessment of COVID-19
- Norfolk County Council’s Digital Inclusion Strategy 2018
- Norfolk’s population data and trends, set out in Norfolk's story.
- Equality Act 2010
- Public Sector Equality Duty

Appendix 1

Findings of the equality impact assessments of the budget proposals for 2021-2022

Each proposal for 2021-2022 has been assessed to identify whether there is a potential for disproportionate or detrimental impact on people with protected characteristics or in rural areas. The findings are detailed below.

Adult Social Care budget proposals 2021/2022

Reference and title of proposal:	Potential impact:
ASS013: Supporting more people to move into independent housing, reducing the reliance on residential care.	If this proposal goes ahead, it will promote independence, dignity and safety for disabled and older people, by enabling them to stay at home instead of in a care setting, with the right support in place. There is no evidence to indicate that: • The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Disabled and older people report that independence is a critical factor in their well-being. This proposal has been designed in response to this, and aims to promote independence, dignity and safety for all.

Reference and title of proposal:	Potential impact:
	• Although the proposal may lead to some changes in how services are delivered, the nature of the support available or who delivers it, service users will not experience any reductions in the quality, standards or level of support they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users in relation to their care. • It is conceivable that there may be some increased costs for service users outside of the Council's control – for example, if someone begins living independently, their rent could be higher than that paid in their previous accommodation or the cost of their utilities could be higher. However, it should be noted that any increases in the cost of accommodation or utilities would apply to all people considering a move of accommodation, regardless of whether or not they had a protected characteristic. There may also be additional financial support available to people, such as Housing Benefit. In a situation such as this, relevant statutory agencies would have a proactive duty to support the service user in accordance with their policies and legislation such as the Equality Act 2010, to adapt to the cost of more independent living. • The proposal will be implemented in accordance with the Council's Promoting Independence Strategy; corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments would be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. For example, a wheelchair user whose first language is not English may require a certain type of support to overcome barriers to information and in the built environment, and a blind person or a person with learning disabilities may require a different type of support to enable them to review and agree a tenancy agreement. • This may require officers to undertake additional equality impact assessments when developing detailed service design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further.

Reference and title of proposal:	Potential impact:
	• There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK. It is conceivable that there may be an indirect impact on carers. This is because people may only be able to live at home independently and with dignity if they have access to appropriate support from a carer. Carers do not have ‘protected characteristic’ status in the Equality Act 2010, but many carers may be women. However, Promoting Independence strategy is based upon the principle of independence for disabled people, which includes enabling disabled people to remain at home for as long as possible. The Council has a range of support in place to support carers – the latest information is available here: Get help with looking after someone - Norfolk County Council.
ASS014: Strategic approach with health partners to manage joint funding of packages to support better use of resources across the health and social care system.	If the proposal goes ahead, it will provide an opportunity to make better use of resources across the health and social care system. This would ensure that budgets are used as effectively as possible to maximise the funding available to invest in social care services. There is no evidence to indicate that: • The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because:

Reference and title of proposal:	Potential impact:
	• Although the proposal may lead to some changes in how services are delivered, the nature of the support available or who delivers it, service users will not experience any reductions in the quality, standards or level of support they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. It is possible that costs for some might actually reduce, for example for older people who are self-funders or paying high contributions towards the cost of their care. • The proposal will be implemented in accordance with the Council's Promoting Independence Strategy; corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments would be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. For example, a wheelchair user whose first language is not English may require a certain type of support to overcome barriers to information and in the built environment, and a blind person or a person with learning disabilities may require a different type of support. • This may require officers to undertake additional equality impact assessments when developing detailed service design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
ASS015: Revising the short term out of hospital offer - We want to review what our offer is – as part of a health and social care intermediate care	If this proposal goes ahead, the findings of the review could lead to new proposals that will promote independence, dignity and safety for disabled and older people, by enabling them to stay at home instead of hospital, with the right support in place.

<table>
<tr><th>Reference and title of proposal:</th><th>Potential impact:</th></tr>
<tr><td>offer. This will allow us to focus more resources on home first services, including greater therapy input, and moving away from a reliance on short-term beds.</td><td>There is no evidence at this stage to indicate that:

• The review would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; or that:-

• The review would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.

This is because:

• Disabled and older people report that independence is a critical factor in their well-being. This review has been designed in response to this and aims to identify potential changes that could promote independence, dignity and safety for all.
• At this stage, the findings of the review are unknown. The review in itself will not incur any changes to how services are delivered, the nature of the support available or who delivers it; reductions in the quality, standards or level of service currently provided; changes to eligibility criteria (so people will continue to receive support relevant to their assessed needs), or to new or increased costs for service users in relation to their care. People who currently receive a service will continue to do so.
• However, it is possible that the findings of the review, and subsequent proposals arising from the findings, may lead to changes in all these areas. If so, these proposals would need to be fully developed, consulted on with relevant stakeholders, equality impact assessed (to identify whether there was any potential for detrimental or disproportionate impact on people with protected characteristics) and a formal decision taken about how to proceed.
• The review will be implemented in accordance with the Council’s Promoting Independence Strategy; corporate and departmental policies and procedures; national guidance; the Council’s Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the</td></tr>
</table>

Reference and title of proposal:	Potential impact:
	Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. The findings and proposals resulting from the review will be developed in accordance with these requirements and policies. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
ASS016: Efficiency targets for some core contracts and ensuring that we maximise the usage of block contracts.	If the proposal goes ahead, it will ensure that maximum usage is made of block contracts. This would ensure that budgets are used as effectively as possible to maximise the funding available to invest into adult social care services. There is no evidence to indicate that: • The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or level of support they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users.

Reference and title of proposal:	Potential impact:
	• The proposal will be implemented in accordance with the Council's Promoting Independence Strategy; corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
ASS017: Introduce more individual service funds as an alternative to commissioned care for some people, to give them more control and choice over their care - This gives people the opportunity to choose a provider and work with that provider to arrange services and support. Similar to a direct payment, but the individual does not have to manage the money as the provider does it for them.	If this proposal goes ahead, it will promote independence, choice and dignity for disabled and older people, by enabling them to exercise their own discretion in choosing a provider and to work with that provider to arrange services and support. It will ensure that local services reflect local and individual need. There is no evidence to indicate that: • The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Disabled and older people report that independence is a critical factor in their well-being. This proposal has been designed in response to this, and aims to promote independence, dignity and safety for all.

Reference and title of proposal:	Potential impact:
	• Service users would have choice about using individual service funds where available and could choose to continue to use existing arrangements. • Although the proposal may lead to some changes in how services are delivered, the nature of the support available or who delivers it, service users will not experience any reductions in the quality, standards or level of support they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users in relation to their care. • The proposal will be implemented in accordance with the Council's Promoting Independence Strategy; corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments would be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. For example, a wheelchair user whose first language is not English may require a certain type of support to overcome barriers, and a blind person or a person with learning disabilities may require a different type of support. • This may require officers to undertake additional equality impact assessments when developing detailed service design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
ASS018: Working with our partners to reshape and refocus our approach to supporting people upon	If this proposal goes ahead, it will ensure that when people first contact Adult Social Care, they receive the most effective and efficient response appropriate to their circumstances. This will have two benefits – firstly, it will ensure that people get the information or help they need at the initial point

Reference and title of proposal:	Potential impact:
their initial contact with Adult Social Care.	of contact, and secondly, it makes the best use of resources, to maximise the funding available to invest into adult social care. The proposal will also provide an opportunity to continue to explore how to maximise accessible and inclusive interaction between service users and the Council. This is important, because some disabled and older people, and people with other protected characteristics, such as diverse ethnic backgrounds, Gypsies, Roma and Travellers and people who cannot read or write, experience barriers to services and information. This may particularly be the case when engaging digitally. These barriers and mitigating actions are set out in the Council's Digital Inclusion Strategy 2018. With the exception of these barriers, there is no evidence to indicate that: • The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Although the proposal may lead to some changes in how services are delivered, the nature of the support available or who delivers it, service users will not experience any reductions in the quality, standards or level of support they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users.

Reference and title of proposal:	Potential impact:
	• The proposal will be implemented in accordance with the Council's Promoting Independence Strategy; corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments would be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. For example, a wheelchair user whose first language is not English may require a certain type of support to overcome barriers to information, and a blind person or a person with learning disabilities may require a different type of support. • This may require officers to undertake additional equality impact assessments when developing detailed service design proposals and implementation plans. If, during consideration of these, it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
ASS019: Reducing the amount we have set aside to cover potential bad debts. (One-off benefit).	There is no evidence to indicate that: • The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people

Reference and title of proposal:	Potential impact:
	who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or level of support they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with the Council's Promoting Independence Strategy; corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
ASS020: Releasing amounts previously carried forward in one-off reserves. (One-off benefit).	There is no evidence to indicate that: • The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.

Reference and title of proposal:	Potential impact:
	This is because: • Service users will not experience any reductions in the quality, standards or level of support they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with the Council's Promoting Independence Strategy; corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
ASS021: Digital business transformation and staffing efficiencies across Adult Social Care, embedding efficiencies from smarter working.	If this proposal goes ahead, it will provide an opportunity to continue to explore how to maximise the benefits of smarter working for all staff, including staff with protected characteristics. This is important, because some staff, including disabled staff, experience barriers in accessing the built and virtual environments. Other staff (such as lone parents and carers) may particularly benefit from flexible working patterns and arrangements. In the longer term, smarter working offers the potential to significantly enhance accessibility for disabled people and people with protected characteristics. Not only should it be possible to more swiftly achieve equality in the virtual world than in the physical world, smarter working addresses other issues, such as unnecessary travel. Inevitably, there are a range of barriers to overcome and adjustments to make to address barriers to inclusion within smarter working. This may take some time. The key barriers are set out in the Council's Digital Inclusion Strategy 2018. Plans to address barriers are being regularly reviewed.

Reference and title of proposal:	Potential impact:
	However, in the longer-term, smarter working offers significant potential to enhance accessibility and inclusion for people with protected characteristics. With the exception of the barriers identified in the Digital Inclusion Strategy, there is no evidence to indicate that: • The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Although the proposal may lead to some changes in working arrangements, service users will not experience any reductions in the quality, standards or level of support they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that if the proposal goes ahead, the Council will ensure that people who experience barriers to the built and virtual environments; services; information; ICT; and

Reference and title of proposal:	Potential impact:
	communication due to a protected characteristic will have their needs met appropriately. This may require reasonable adjustments to be made where appropriate to address disadvantage. • This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms or conditions. Any organisational changes will be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change or are deleted, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.
ASS022: Capitalisation of Assistive Technology Equipment - the use of capital funding as an alternative to revenue funding for our Assistive Technology equipment purchases.	There is no evidence to indicate that: • The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • The change relates to use of alternative funding sources only.

Reference and title of proposal:	Potential impact:
	• Service users will not experience any reductions in the quality, standards or level of support they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users in relation to their care. • The proposal will be implemented in accordance with the Council's Promoting Independence Strategy; corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
ASS023: Capitalisation of Adult Social Care Transformation programmes - the use of capital receipts as permitted by Government to fund transformational activity which will deliver future savings.	There is no evidence to indicate that: • The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • The change relates to use of alternative funding sources only.

Reference and title of proposal:	Potential impact:
	• Service users will not experience any reductions in the quality, standards or level of support they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users in relation to their care. • The proposal will be implemented in accordance with the Council's Promoting Independence Strategy; corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
ASS024: Contract renegotiation - Ensuring the requirements of commissioners are reflected in the Norsecare contract.	If this proposal goes ahead, it will ensure that contracts are as efficient and effective as possible, which will maximise the funding available to invest into adult social care services. There is no evidence to indicate that: • The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because:

Reference and title of proposal:	Potential impact:
	• Service users will not experience any reductions in the quality, standards or level of support they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users in relation to their care. • The proposal will be implemented in accordance with the Council's Promoting Independence Strategy; corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
ASS025: Working with NORCA (Norfolk Care Association) to develop a targeted approach to the annual price uplift for 2021-22 recognising the overall local authority budget pressure	There is no evidence to indicate that: • The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or level of support they currently receive. No changes are proposed to eligibility criteria for services, so people will

Reference and title of proposal:	Potential impact:
	continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with the Council's Promoting Independence Strategy; corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
ASS026: BC3 - Use of Business Risk Reserve (one-off)	There is no evidence to indicate that: • The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or level of support they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so.

Reference and title of proposal:	Potential impact:
	• The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with the Council's Promoting Independence Strategy; corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
Title of proposal: ASSN/a: Applying a 2% increase in the Adult Social Care Precept, subject to Government making this option available in 2021-22.	This has been dealt with as part of the impact assessment of the increase in council tax, below.

Children's Services budget proposals 2021-2022

Reference and title of proposal:	Potential impact
CHS001: Expansion of 2019-20 CHS001: Prevention, early intervention and effective social care (Reduced Family Court Costs) - Investing in an enhanced operating model which supports families to stay together and ensures fewer children need to come into care. As we aim for fewer children to be looked after as a result of changes to how we work, we anticipate a reduction in legal advice and associated fees. The savings modelled here derive from the continued roll-out of the Children's Services transformation agenda which aims to strengthen the capacity of our social care offer and so more effectively support families – reducing the number of instances where cases escalate and the family courts have to be involved. That in turn reduces the legal costs. The overall transformation does include a dedicated workstream focussed on the quality of court work and pre-proceeding work and has included	If this proposal goes ahead, it will promote better outcomes for children, families and carers, as it will invest in an enhanced operating model to support families to stay together. As part of this, the Council will offer families more direct help, a more consistent relationship with a key worker and access to more specialist and intensive services to help meet their needs and ultimately to reduce risks and help families stay together wherever possible. There is no evidence to indicate that: • The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • The principles guiding the design and implementation of the proposal will be child and family centred, prioritising the independence, dignity and safety of young people and carers. • Although the proposal may lead to some changes in how services are delivered, the nature of the support available or who delivers it, service users will not experience any reductions in the quality, standards or level of support they currently receive. No changes are proposed to

Reference and title of proposal:	Potential impact
an investment in new court worker roles in teams which mean that cases involving work with the court are completed to a high quality and without drift and delay – which again reduces costs.	eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • For example, a young wheelchair user whose first language is not English or who identifies as non-binary may require a certain type of support to overcome barriers and a blind parent or a parent with learning disabilities may require a different type of support. • This may require officers to undertake additional equality impact assessments when developing detailed service design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
CHS002: Expansion of 2019-20 CHS002: Alternatives to care ("New Roads" (previously No Wrong Door)) - Investing in a range of new services which offer alternatives to care using enhanced therapeutic and care alternatives, combined with a focus on support networks from	If this proposal goes ahead, it will promote better outcomes for children and their families and carers, as it aims to support families to stay together and avert family crises. There is no evidence to indicate that: • The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as

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<tr><th>Reference and title of proposal:</th><th>Potential impact</th></tr>
<tr><td>extended families keeping families safely together where possible and averting family crises.

This proposal relates to the Norfolk implementation of the No Wrong Door Model which was pioneered in North Yorkshire and is now recognised nationally as best practice in supporting young people in care and at the edge of care who have complex needs. The No Wrong Door model is a non-traditional approach to working with adolescents based around innovative hubs and multi-agency support.

More information on the model is set out in the report to Cabinet, dated 7 December 2020.

The proposal has a strong and independently evaluated evidence base. In particular it will:

• Keep families together and reduce the number of young people in local authority care
• Improve the mental health of adolescents with complex needs
• Reduce the criminalisation of young people</td><td>intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics;

• The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.

This is because:

• The principles guiding the design and implementation of the proposal will be child and family centred, prioritising the independence, dignity and safety of young people and carers.
• Although the proposal may lead to some changes in how services are delivered, the nature of the support available or who delivers it, service users will not experience any reductions in the quality, standards or level of support they currently receive – rather, they should experience improved and enhanced outcomes.
• No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so.
• The proposal will not lead to new or increased costs for service users.
• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.
• The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements.
• This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010.</td></tr>
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Reference and title of proposal:	Potential impact
• Support young people to progress into further learning and employment • Reduce the number of unplanned placement moves and support young people to make positive transitions into family based care and then on in stages to independent living.	• For example, a young wheelchair user whose first language is not English may require a certain type of support to overcome barriers, and a blind parent or a parent with learning disabilities may require a different type of support. • This may require officers to undertake additional equality impact assessments when developing detailed service design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
CHS003: Expansion of 2019-20 CHS003: Transforming the care market and creating the capacity that we need - Creating and commissioning new care models for children in care – achieving better outcomes and lower costs. This theme of transformation has several strands and in particular the savings anticipated will be delivered by the expansion of in-house residential services which will reduce the reliance on expensive out of county placements. Expanding in-house provision will allow us to support young people closer to home and will make it easier to wrap wider	If this proposal goes ahead, it will promote better outcomes for children and their families and carers, as it aims to create additional capacity within children's services, to maximise the funding available to invest into services. There is no evidence to indicate that: • The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.

Reference and title of proposal:	Potential impact
support services around them. Having greater capacity in services will also make placement matching easier – ensuring we can provide the right care environment for all young people in care in Norfolk. The Council is also anticipating a small financial contribution to overheads as a result of the now very successful specialist team supporting unaccompanied asylum seeking young people. As the team's work embeds we are expanding the dedicated provision for this cohort and again reducing the reliance on alternatives which are not tailored to the needs of asylum seeking children.	This is because: • The principles guiding the design and implementation of the proposal will be child and family centred, prioritising the independence, dignity and safety of young people and carers. • Although the proposal may lead to some changes in how services are delivered, the nature of the support available or who delivers it, service users will not experience any reductions in the quality, standards or level of support they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • For example, a young wheelchair user whose first language is not English may require a certain type of support to overcome barriers and a blind parent or a parent with learning disabilities may require a different type of support. • This may require officers to undertake additional equality impact assessments when developing detailed service design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions.

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<tr><th>Reference and title of proposal:</th><th>Potential impact</th></tr>
<tr><td></td><td>Similar proposals have been successfully implemented elsewhere in the UK.</td></tr>
<tr><td> CHS007: New Transformation Programme Initiative: Inclusion (Home to School Transport) - Through finding school places closer to home for children and young people with Special Educational Needs and Alternative Provision requirements, we will reduce the home to school transport costs associated with long journeys This proposal is linked to a wider initiative which will increase the number of special school and specialist resource base places available in Norfolk. This will improve the matching of the right place to the right child and will also mean that children do not have to travel so far across or outside of the county to attend school. </td><td> If this proposal goes ahead, it will promote better outcomes for disabled children and their families and carers, as it aims to enable families to attend school closer to home. If children are able to attend school closer to home, they are also more able to form and sustain friendships with their peers in the area. As well as the creation of new education provision which will shorten journeys, this proposal also includes focussed work with families, schools and settings to support children to travel independently to school or to travel on mainstream transport rather than in specialist transport or individual taxis. It is important to note that this is a collaborative approach and will only be implemented in line with children’s needs. If a child needs specialist transport to get to their place of education, it would be provided, and there is no change proposed to the threshold or level of support available. There is no evidence to indicate that: The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics;
The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: </td></tr>
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Reference and title of proposal:	Potential impact
	• The principles guiding the design and implementation of the proposal will be child and family centred, prioritising the independence, dignity and safety of young people and carers. • Although the proposal may lead to some changes in how services are delivered, the nature of the support available or who delivers it, service users will not experience any reductions in the quality, standards or level of support they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that people who experience barriers to the built and virtual environments; services; information; ICT; and communication due to a protected characteristic will have their needs met appropriately. This may require reasonable adjustments to be made for service users and/or staff, to support people to address disadvantage. For example, a young wheelchair user whose first language is not English may require a certain type of support to overcome barriers, and a blind parent may require a different type of support. • This may require officers to undertake additional equality impact assessments when developing detailed service design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
CHS008: Smarter Working - Efficiencies through increased use of	If this proposal goes ahead, it will provide an opportunity to continue to explore how to maximise the benefits of smarter working for all staff, including staff with protected characteristics.

Reference and title of proposal:	Potential impact
automation and robotics, continued modernisation through shift to different ways of working (accelerated by COVID-19 and enabled through use of IT), departmental review of posts to ensure no duplication of activity, and promotion of flexible working arrangements advantageous to employees and the department.	This is important, because some staff, including disabled staff, experience barriers in accessing the built and virtual environments. Other staff (such as lone parents and carers) may particularly benefit from flexible working patterns and arrangements. In the longer term, smarter working offers the potential to significantly enhance accessibility for disabled people and people with protected characteristics. Not only should it be possible to more swiftly achieve equality in the virtual world than in the physical world, smarter working addresses other issues, such as unnecessary travel. Inevitably however, there are a range of barriers to overcome and adjustments to make to address barriers to inclusion within smarter working. This may take some time. The barriers and mitigating actions are set out in the Council's Digital Inclusion Strategy 2018. However, in the longer-term, smarter working offers significant potential to enhance accessibility and inclusion for people with protected characteristics. With the exception of the barriers identified in the Digital Inclusion Strategy 2018, there is no evidence to indicate that: • The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; or that:- • The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.

Reference and title of proposal:	Potential impact
	This is because: • Although the proposal may lead to some changes in working arrangements, service users will not experience any reductions in the quality, standards or level of support they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • The Council will ensure that people who experience barriers to the built and virtual environments; services; information; ICT; and communication due to a protected characteristic will have their needs met appropriately. This may require reasonable adjustments to be made where appropriate to address disadvantage. • This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these, it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported to the relevant Cabinet Member, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms or conditions. Any organisational changes will be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change or are deleted, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.

Reference and title of proposal:	Potential impact
CHS010: BC3 - 2021-22 New Roads (No Wrong Door) transformation contribution capitalisation This proposal represents the capitalisations of investment in the New Roads project which in the long run will deliver better outcomes for children and financial savings – see impact assessment ref: CHS002 above.	There is no evidence to indicate that this proposal would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • The change relates to use of alternative funding sources only. • Service users will not experience any reductions in the quality, standards or level of support they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.

Reference and title of proposal:	Potential impact
CHS011: BC3 - 2021-22 transformation capitalisation This proposal relates to the capitalisation of funding and capacity investments in the children's transformation programme which over time are delivering savings and better outcomes.	There is no evidence to indicate that this proposal would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • The change relates to use of alternative funding sources only. • Service users will not experience any reductions in the quality, standards or level of support they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions.

Community and Environmental Services budget proposals 2021-2022

Reference and title of proposal:	Potential impact
CES022: Back office savings across CES (non-staff budgets) - Savings from reduction in travel and subsistence, printing, postage and telephone budgets.	If this proposal goes ahead, it will ensure that back office processes are as efficient and effective as possible. This will enable the Council to maximise available resources to spend on community and environmental services. There is no evidence to indicate that the proposal would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.

Reference and title of proposal:	Potential impact
	• The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
CES023: Back office savings in CES (staff budgets) - Restructure and review the number of posts in a number of back office teams.	If this proposal goes ahead, it will lead to changes to staffing structures in back office teams, and potentially a reduction in posts. There is no evidence to indicate that the proposal would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics;

Reference and title of proposal:	Potential impact
	• More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Many of these posts are already vacant and new, more efficient ways of working have been put in place that will enable work to continue to be delivered within this reduced capacity. • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of

<table>
<tr><th>Reference and title of proposal:</th><th>Potential impact</th></tr>
<tr><td></td><td>conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further.
• There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms or conditions. Any organisational changes will be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change or are deleted, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures.
• Similar proposals have been successfully implemented elsewhere in the UK.</td></tr>
<tr><td>CES024: One off use of reserves to fund projects budget - Remove the remaining economic projects budget and fund from reserves in 2021-22 (one-off), with the revenue budget reinstated for 2022- 23.</td><td>If this proposal goes ahead, there is no evidence to indicate that it would:
• Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics;
• More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.

This is because:
• Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so.
• The proposal will not lead to new or increased costs for service users.</td></tr>
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Reference and title of proposal:	Potential impact
	• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
CES025: Back office savings in CES Growth and Development - Savings from reduction in back office activities (travel budgets and other back office activities).	If this proposal goes ahead, it will ensure that back office processes are as efficient and effective as possible. This will enable the Council to maximise available resources to spend on community and environmental services. If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because:

Reference and title of proposal:	Potential impact
	• Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
CES026: Savings achieved through procurement of new contract - Reductions in waste disposal costs	The new contract for waste disposal arrangements from April 2021 is in place, and it will deliver improved performance and lower costs. These new arrangements will enable the

Reference and title of proposal:	Potential impact
delivered through procurement of new contract.	Council to maximise available resources to spend on community and environmental services. There is no evidence to indicate that the proposal would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • The new contract is already in place. • Service beneficiaries will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for beneficiaries. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There

Reference and title of proposal:	Potential impact
	will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
CES028: Back office savings in CES Highways and Waste (non-staff budgets) - Savings from reduction in travel and subsistence budgets.	If this proposal goes ahead, it would ensure that back office processes are as efficient and effective as possible. This will enable the Council to maximise available resources to spend on community and environmental services. There is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act

Reference and title of proposal:	Potential impact
	2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
CES029: Culture and Heritage - Service redesign and additional fee income	If this proposal goes ahead, it will lead to changes to staffing structures and additional fee income from within county council service areas, primarily museums. There is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; or that:- • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people

<table>
<tr><th>Reference and title of proposal:</th><th>Potential impact</th></tr>
<tr><td></td><td>who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.

This is because:
Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so.
The proposal will not lead to new or increased costs for service users.
The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.
The proposal will be implemented in accordance with the Council’s Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements.
This means that if the proposal goes ahead, the Council will ensure that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010.
This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further.
There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms or conditions. Any organisational changes will be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change or are deleted, it is not</td></tr>
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Reference and title of proposal:	**Potential impact**
	expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.
CES030: Staff savings at the Norfolk Record Office (NRO) - Savings through efficiencies in back office processes and service re-design.	If this proposal goes ahead, it will lead to changes to staffing structures in back office teams, and a reduction in posts. There is no evidence to indicate that the proposal would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; or that:- • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users.

Reference and title of proposal:	Potential impact
	• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms or conditions. Any organisational changes will be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change or are deleted, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures.
CES031: Reduce Norfolk Arts Service (NAS) budget - Reduce the NAS budget via limited service redesign.	If this proposal goes ahead, it will lead to a reduction in the NAS budget which means there will be reduced funding available to support arts related projects and activities. There is no evidence to indicate that the proposal would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who

Reference and title of proposal:	Potential impact
	identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; or that:- • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • The funding is used to support arts related projects and activities organised and delivered by external organisations, for the benefit of the wider community. There is no evidence to indicate that people with protected characteristics would be disproportionately impacted by this reduction compared to people who do not share these characteristics. Those responsible for the projects and activities would need to secure funding from alternative sources to enable these to continue and therefore may not need to cease or change. • No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services;

Reference and title of proposal:	Potential impact
	information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these, it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms or conditions. Any organisational changes will be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change or are deleted, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.
CES032: Libraries - Cease purchase of newspapers and periodicals for Norfolk libraries, except for local history purposes. Newspapers and periodicals will continue to be available to access for free via the Libraries app.	There is no evidence to indicate that the proposal would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.

Reference and title of proposal:	Potential impact
	This is because: • Service users will continue to be able to access materials via the Libraries app, irrespective of where a person lives in the county, enabling access to thousands of titles from UK and worldwide. • The app is accessible – it enables people who use accessible software, who have adjustments in place to read digital media or who prefer a ‘read aloud’ function. • It is important to note that some disabled and older people, and people with other protected characteristics, such as diverse ethnic backgrounds, Gypsies, Roma and Travellers and people who cannot read or write, experience barriers to digital information. These barriers and mitigating actions are set out in the Council’s Digital Inclusion Strategy 2018. Progress on the strategy is being reported through Cabinet. In the longer term, the strategy will seek to find ways to address barriers to people getting online. • The app enables access to newspapers and magazines for speakers of languages other than English. There is also a translation function into 17 languages. • The app makes LGBTQ+ periodicals accessible to people irrespective of where they live • Some people may not have access to the internet at home or from a mobile device or may prefer to visit a library for example if they are lonely or isolated. They may be used to accessing newspapers and periodicals physically at their local library. However, people who do this can continue to do it, by getting online at their local library. If they lack the confidence or knowledge to use the internet, or require a reasonable adjustment, library staff can provide advice and support. • Library services will be communicating with service users and residents in due course to ensure that there is a good understanding of the app, how to access it and where to get help if people need it. • No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.

Reference and title of proposal:	Potential impact
	• The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of the proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staffing structures or staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
CES033: Redesign/ changes to staff structures in Community Information and Learning	If this proposal goes ahead, there will be changes to staffing structures in Community Information and Learning by deleting a number of vacant posts within the structure. There is no evidence to indicate that the proposal would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.

Reference and title of proposal:	Potential impact
	This is because: • The priority at libraries will continue to be ensuring continuity of frontline library and information services to the public. • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. There will be no reduction in frontline service capacity. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms or conditions. Any organisational changes will be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change or are deleted, it is not

Reference and title of proposal:	Potential impact
	expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.
CES034: Fire Service - back office savings through reduction in fuel costs, printing and photocopying, and advertising expenses. Through analysis of the Fire Service revenue budget, all opportunities were identified to reduce costs whilst minimising impact on staff and service delivery. The majority of the savings identified will be achieved through changing working practices and processes involving: • Early termination of a contract • Fuel costs (as staff will no longer travel to meetings as much due to improved use of virtual meeting technology); • Printing costs • Attending conference costs • Licences and subscription costs • Recruitment expenses As part of this proposal, there would be a reduction in the Community Safety team budget. This would mean less capacity to deliver interventions such as Home Fire Safety Checks. However, this impact	If this proposal goes ahead, it would enable the Council to maximise available resources to spend on community and environmental services. There is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; or that:- • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act

Reference and title of proposal:	Potential impact
would be mitigated by delivering this work in other ways, such as identifying partners who can help deliver the work to ensure that the level and quality of service to the public is not affected.	2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
CES035: Savings in Culture and Heritage including staffing savings - Savings delivered through service redesign, back office savings and vacancy management.	If this proposal goes ahead, it will lead to service redesign, back office savings and vacancy management in Culture and Heritage. There is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; or that:-

Appendix 6: Equality and Rural Impact Assessment

Reference and title of proposal:	Potential impact
	• More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • All museums will continue to operate and there will be no changes to opening hours. • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these, it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further.

<table>
<tr><th>Reference and title of proposal:</th><th>Potential impact</th></tr>
<tr><td></td><td>There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms or conditions. Any organisational changes will be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change or are deleted, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures.
Similar proposals have been successfully implemented elsewhere in the UK.</td></tr>
<tr><td>CES036: Fire and Rescue Service - Review of managerial and functional posts including contract arrangements. Reviewing equipment purchases and staff training budget.

The majority of the savings identified will be achieved through changing working practices and processes involving:
Response and operational training and equipment purchases – finding appropriate training and equipment but at a lower cost
Removing posts identified as no longer being required to fulfil current business need in business support, logistics and communications teams, and making changes to the senior management structure that reduce costs whilst maintaining the same level of business continuity.</td><td>If this proposal goes ahead, it will lead to changes to managerial and functional posts including contract arrangements. It will also lead to changes to equipment purchases and staff training budget.

There is no evidence to indicate that:
The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics;
The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.
This is because:
Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for</td></tr>
</table>

Reference and title of proposal:	Potential impact
	services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms or conditions. Any organisational changes will be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change or are deleted, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.
CES038: Further Street Lighting LED upgrade - Upgrade 15,000 streetlights on main roads, along with the CMS (central	If this proposal goes ahead, it is likely to have a positive impact on older and disabled people, including people who are blind or partially sighted, as LED lights provide a better quality of lighting.

Reference and title of proposal:	Potential impact
management system), to enable energy savings. The LED upgrade utilises the latest technology and will provide the very best lighting for the environment. The existing contractual arrangement provides a mechanism to deal with an LED failures promptly should they occur. Finally, all sites will be designed in accordance with the latest design guidance and specification.	If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; or that:- • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive – rather, they will experience an improved service. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010.

Reference and title of proposal:	Potential impact
	• This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Norfolk has already implemented significant numbers of LED lights elsewhere in Norfolk. Similar proposals have been successfully implemented elsewhere in the UK.
CES039: Income Generation / recharging for services - Additional income from charging for services / roundabout sponsorship and charging for activities on the highway. The scope of the existing roundabout sponsorship scheme will be widened to include Norwich City following the termination of the City Agency agreement. This replicates roundabout sponsorship in the remainder of the county and increases the availability to this scheme for business. There are new charges proposed, such as vehicle access applications, but this is in	If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; or that:- • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for

Reference and title of proposal:	Potential impact
line with changing practices in other highway authorities. The new charges will relate to a fee to take forward highway alterations; a typical example would be an application for permission to construct a vehicle crossing in the footway in order to access property. This could be a business but is usually residents who would like a formal crossing point where one does not already exist or to change an existing. Currently the administration of this service is free and this proposal would recover staff costs for doing so. Quotations are provided for the construction work and residents have an option to accept or decline.	services, so people will continue to receive support relevant to their assessed needs. • The proposal will lead to new costs for service users and businesses, if they wish to commission a highway alteration. However, there is no reason to believe that these costs would impact disproportionately on people with protected characteristics or in rural areas. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
CES040: Reduction in grass cutting - Saving delivered by reducing urban grass cutting from 5 cuts per year down to 4 cuts per year, and reducing rural grass cutting	If this proposal goes ahead, there would be a reduction in grass cutting. There is no evidence to indicate that it would:

Reference and title of proposal:	Potential impact
on C and U class roads from 2 cuts per year down to 1 cut per year.	• Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Although there would be some *visual* impact around aesthetics in urban and rural communities, there would not be any physical impact on paths, walkways or trods that could restrict access for disabled people, older people or parents or carers with prams. The impact would be similar for both rural and urban areas. Safety work will continue to be carried out to agreed standards. • No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements.

Reference and title of proposal:	Potential impact
	• This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK. It is also worth noting that flexibility will remain for visual impacts to be addressed in local communities. For example, the Rangers service will continue to operate, and parish councils can influence the type of work that rangers carry out in their area. In addition, local members have access to their local member budget, and could use this to address issues in the local community if this was felt to be a priority.
CES041: Back office savings in CES Highways and Waste - Savings from reducing overtime budgets and deletion of vacant posts.	If this proposal goes ahead, it will ensure that back office processes are as efficient and effective as possible. This will enable the Council to maximise available resources to spend on community and environmental services. If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or

Reference and title of proposal:	Potential impact
	people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; or that:- • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further.

Reference and title of proposal:	Potential impact
	• There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
CES042: Reduction in contract spend - Savings from renegotiation of contract rates as part of a package to extend some current Highways contracts.	If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; or that:- • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • The new contract arrangements have already been put in place. • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council’s Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act

Reference and title of proposal:	Potential impact
	2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
CES043: BC3 - Develop Gressenhall as an Environmental Hub for Norfolk. The proposal would complement and accelerate a number of goals already set out in the Council's Environmental Policy agreed by Full Council in 2019. Part of the Gressenhall site would be developed as a training and learning centre focusing on best practice in environmental projects, including tree planting. Part of the site would see the	If this proposal goes ahead, Gressenhall would be developed as an Environmental Hub for Norfolk. There is no evidence to indicate that the proposal would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people

Reference and title of proposal:	Potential impact
creation of a new arboretum and the Historic Environment wing of the main Workhouse building would become a training hub for use by community groups and Norfolk schools. The financial proposal relates to Museums, but delivery of the project would be undertaken jointly with Environment.	who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.

Reference and title of proposal:	Potential impact
CES044: BC3 - Develop Norfolk Record Office 2050 Vision This will focus on redevelopment of the service based on changing public needs for access, digital archives and community support; increased partnership working; and providing storage which helps achieved NCC's 2030 net carbon zero targets.	If this proposal goes ahead, the Council would develop Norfolk Record Office 2050 Vision, with work focused on environmental sustainability and access. There is no evidence to indicate that the proposal would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; or that:- • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services;

<table>
<tr><th>Reference and title of proposal:</th><th>Potential impact</th></tr>
<tr><td></td><td>information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010.
This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further.
There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions.
Similar proposals have been successfully implemented elsewhere in the UK.</td></tr>
<tr><td>CES045: BC3 - Capitalisation of Planning Advice & Information service within Environment</td><td>If this proposal goes ahead, there is no evidence to indicate that it would:
Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; or that:-
More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.
This is because:
The change relates to use of alternative funding sources only.</td></tr>
</table>

Reference and title of proposal:	Potential impact
	• Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.
CES046: BC3 - Reduction of the Arts Service budget (Health & Wellbeing)	If this proposal goes ahead, there would be a reduction in the Arts Service budget (Health & Wellbeing). There would continue to be sufficient resources and access to additional external resources to deliver agreed programmes and work. There is no evidence to indicate that the proposal would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; or that:- • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people

Reference and title of proposal:	Potential impact
	who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.

<table>
<tr><th>Reference and title of proposal:</th><th>Potential impact</th></tr>
<tr><td>CES047: BC3 - Recharge of staff time to alternative funding sources</td><td>If this proposal goes ahead, there is no evidence to indicate that it would:

• Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics;

• More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.

This is because:

• The change relates to use of alternative funding sources only.
• Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so.
• The proposal will not lead to new or increased costs for service users.
• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.
• The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements.
• There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions.</td></tr>
</table>

Reference and title of proposal:	Potential impact
	• Similar proposals have been successfully implemented elsewhere in the UK.
CES048: BC3 - Review staff structures in Highways team	If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms and conditions. Any organisational changes would be developed, implemented and monitored in accordance with agreed workforce

Reference and title of proposal:	Potential impact
	policies. If establishment structures or posts change, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.
CES049: BC3 - Fire and Rescue white and grey fleet arrangements – getting best value for money for our white and grey fleet (cars and vans) through procurement and arrangements for servicing and repairs.	If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; or that:- • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements.

Reference and title of proposal:	Potential impact
	• This means that reasonable adjustments will be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • This may require officers to undertake additional equality impact assessments when developing detailed design proposals and implementation plans. If, during consideration of these , it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics or in rural areas that it was not possible to predict at the time of conducting this assessment, this will be reported formally to the Cabinet, to enable next steps to be agreed before proceeding further. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions. • Similar proposals have been successfully implemented elsewhere in the UK.

Strategy and Transformation budget proposals 2021-2022

Reference and title of proposal:	Potential impact
SGD006: Information Governance - Streamlining of Information Governance processes to deliver efficiencies.	If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are used as effectively as possible to achieve the best possible outcomes for local communities. If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users.

Reference and title of proposal:	Potential impact
	• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments would be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms and conditions. Any organisational changes would be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.
SGD007: Your Norfolk Digitisation - Stopping paper production and distribution of Your Norfolk and moving to a more frequent digital solution.	This proposal will impact on all service users who currently read physical copies of Your Norfolk, including people with protected characteristics. A significant proportion of the Norfolk population have either a smart phone or home internet and should not experience any significant detrimental impact from this proposal. This is because they should be able to easily move from viewing physical copies of Your Norfolk, to viewing it online. However, some people in Norfolk do not have access to the internet at home or from a mobile device. People with protected characteristics are particularly likely to be included in this cohort - for example, they may be older or disabled, or English may not be their first language. More details about this are set out in the Digital Inclusion Strategy 2018.

Reference and title of proposal:	Potential impact
	One mitigation is that people who do not have the internet at home can get online at their local library. If they lack the confidence or knowledge to use the internet, or require a reasonable adjustment, library staff can provide advice and support. Work is ongoing to address the issues set out in the Digital Inclusion Strategy. It is possible therefore, that in the short term, there may be some disabled people who may be unable to access the digital-only version of Your Norfolk. It is difficult to quantify how many people might be affected in this way, because the data is not available. However, the digital version of Your Norfolk will be implemented in accordance with corporate and departmental policies and procedures and national guidance, and the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. This means that reasonable adjustments can be put in place for people who wish to access Your Norfolk but who genuinely cannot get online, due to a protected characteristic. In a situation such as this, the Council would have the discretion to provide a person with a physical version of the information contained in the digital version of Your Norfolk, if there were clear grounds for this as set out in the Equality Act 2010. The Council will be communicating with service users and residents in due course to ensure that there is a good understanding of how to access Your Norfolk digitally and where to get help if people need it. There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staffing structures or staff terms or conditions.

Reference and title of proposal:	Potential impact
SGD008: Strategy and Governance back office savings - Reducing print, post, stationery and travel expenditure across the whole Department.	If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are used as effectively as possible by the Council to achieve the best possible outcomes for local communities. If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements.

Reference and title of proposal:	Potential impact
	• This means that reasonable adjustments would be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms and conditions. Any organisational changes would be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.
SGD009: Professional Lead and Career Family Model - Implementation of the Professional Lead and Career Family Model across the Insight and Analytics (I&A), Communications, and Strategy capability across the organisation.	If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are used as effectively as possible to achieve the best possible outcomes for local communities. If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.

Reference and title of proposal:	Potential impact
	This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments would be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms and conditions. Any organisational changes would be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.
SGD012: Further savings to deliver a net 2.75% reduction in staffing budgets across Strategy and Transformation teams - Targeting vacancy management and natural turnover as a priority; savings	If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are used as effectively as possible by the Council to achieve the best possible outcomes for local communities.

Reference and title of proposal:	Potential impact
will be linked to achieving efficiencies through the HR and Finance System replacement.	If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments would be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010.

Reference and title of proposal:	Potential impact
	• There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms and conditions. Any organisational changes would be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.
SGD013: BC3 - Vacancy management (HR&OD)	If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.

Reference and title of proposal:	Potential impact
	• The proposal will be implemented in accordance with the Council’s Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments would be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms and conditions. Any organisational changes would be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.
SGD014: BC3 - One-off release of Strategy and Governance reserves	If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.

Reference and title of proposal:	Potential impact
	This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms and conditions. Any organisational changes would be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.
SGD015: - HR & Finance System - Benefits realisation from HR & Finance System replacement in HR&OD - Benefits realisation work is still underway to quantify value of saving, but current forecast reflects savings of £0.280m in 2022-23	If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who

Reference and title of proposal:	Potential impact
	experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments would be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms and conditions. Any organisational changes would be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.

Governance budget proposals 2021-2022

Reference and title of proposal:	Potential impact
SGD004: NPLaw Structural Review - Savings from structural review linked to development of the partnership agreement.	If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are used as effectively as possible by the Council to achieve the best possible outcomes for local communities. If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.

Reference and title of proposal:	Potential impact
	• The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments would be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms and conditions. Any organisational changes would be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.
SGD005: Democratic Services Review - Democratic Services savings linked to changes arising from the Peer Review and Association of Democratic Services Officers (ADSO) review.	If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are used as effectively as possible to achieve the best possible outcomes for local communities. If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics;

Reference and title of proposal:	Potential impact
	• More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments would be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms and conditions. Any organisational changes would be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.
SGD010: Democratic Services (staff budgets) - Review and realign existing	If this proposal goes ahead, there is no evidence to indicate that it would:

Reference and title of proposal:	Potential impact
structure to deliver new post COVID-19 ways of working.	• Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments would be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will

<table>
<tr><th>Reference and title of proposal:</th><th>Potential impact</th></tr>
<tr><td></td><td>be no changes to staff terms and conditions. Any organisational changes would be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures.
Similar proposals have been successfully implemented elsewhere in the UK.</td></tr>
<tr><td>SGD012: Further savings to deliver a net 2.75% reduction in staffing budgets across Strategy and Governance teams - Targeting vacancy management and natural turnover as a priority; savings will be linked to achieving efficiencies through the HR and Finance System replacement.</td><td>If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are used as effectively as possible by the Council to achieve the best possible outcomes for local communities.
If this proposal goes ahead, there is no evidence to indicate that it would:
Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics;
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This is because:
Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so.
The proposal will not lead to new or increased costs for service users.</td></tr>
</table>

Reference and title of proposal:	Potential impact
	• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments would be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms and conditions. Any organisational changes would be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.

Finance & Commercial Services budget proposals 2021-2022

Reference and title of proposal:	Potential impact
Proposed increase in council tax and adult social care precept The Council is proposing to increase general council tax by 1.99% in 2021-22, to help offset cost pressures and invest in vital services. It is proposing to raise the adult social care precept by 2% in 2021-22, to help maintain adult social care services. In addition, the Council proposes to raise the adult social care precept by 1% in 2022-23, being a partial deferral of the 2021/22 adult social care precept **More about council tax** Council tax helps pay for local services and applies to all domestic properties whether owned or rented. How much people pay depends on the valuation band of their property. The responsibility to pay council tax usually lies with the occupier. Each organisation that provides services in the area sets their own proportion of the council tax bill. These are: • Norfolk County Council • The district council • The parish council (if there is one) • Norfolk Police	This proposal will impact on all residents eligible to pay council tax, including people with protected characteristics and in rural areas. **Concessions for people eligible for support, reductions or exemption** Whilst the impact of a council tax increase would affect almost all dwellings, concessions are in place that mean that people who are older, live on their own, or who have a disability may be eligible for council tax support, reductions or exemption. The Government has also exceptionally provided resources to district councils in 2020/21 in the form of a hardship fund to deliver financial support, including reduced council tax bills, to economically vulnerable residents in their area. This is currently understood to be one-off for 2020/21. The table at Annex A presents the proportion of people subject to some kind of reduction in each district. Demographic factors and variations in council tax reduction schemes will mean that the proportion of people exempt or receiving a reduction in each of Norfolk's districts differs. In addition to these exemptions, district councils are responsible for local arrangements to provide help with council tax. These responsibilities cover what was known prior to 2013 as Council Tax Benefit, and mean that reductions are in place to support vulnerable working age and older people. A range of factors may enable a household to quality for discounts or exemptions. These include: • Someone's disability status, entitlement to certain benefits and presence of accessible features in their home; • If someone is a carer who, for at least 35 hours a week, is looking after someone in the same household (not including a spouse or child) who is entitled to certain benefits;

Reference and title of proposal:	Potential impact
Most of the money that people pay as part of Norfolk County Council's share of the council tax helps fund the costs of all the services provided by the Council and is not linked to specific services. The maximum amount that Government currently says that the Council can increase this 'general' council tax by without having to hold a local referendum is 2%. It is possible that in the future the Government could allow councils greater freedom to increase this general council tax by more than 2%. **More about the adult social care precept** In 2015 the Government gave councils like Norfolk the opportunity to raise council tax to help pay for adult social care services – this is called the adult social care precept. The money raised from the adult social care precept is ringfenced which means that the Council can only spend it on adult social care services. Adult social care services are those that support older people, disabled people and people with mental health problems. These services help people to stay safe in their own homes and continue to be independent. Where this is not possible, adult social care can support people in residential care. In 2020/21 our gross budget for adult social services is £448.339m (this does not reflect the in-year impacts of the COVID-19 pandemic and associated funding). The Council has to report to Government and confirm that adult social care precept money is used solely for adult social care services.	• Households which consist only of students; and • Properties which are unoccupied for various reasons including residence in care provision. These reliefs can help to alleviate council tax liabilities for certain households. Whilst the local arrangements are at the discretion of each district, and so cannot be collated simply, the number of equivalent dwellings receiving this kind of support for working age people in Norfolk last year was 25,188, and for older people was 20,131. District councils also have powers to reduce the amount of council tax payable for certain classes of dwelling including empty properties and properties undergoing major structural work, with legislation prescribing the level of discount the district council can offer. An increase in council tax may therefore have a reduced impact on properties within these categories, depending on the scheme adopted locally. These discounts are time limited except in the case of second homes. A council tax premium may be charged on certain empty properties if they have been vacant for a period of more than two years. An increase in council tax may therefore have a greater impact on these properties. At October 2019 there were 419,863 council tax 'chargeable dwellings' in Norfolk. Any County Council increase in council tax would be applied equally and proportionally to each household, meaning that higher-banded properties would pay a higher cash amount. In considering an increase in council tax, it is important to take other social factors into account, such as the impact of welfare reform. Although there is no major role for local authorities in much of the policy development and delivery of welfare reform, it continues to have a significant impact on Norfolk service users, residents and communities. Some examples include the introduction of Universal

Reference and title of proposal:	Potential impact
Initially councils could raise council tax by up to an extra 2% a year for the period 2016/17 to 2019/20. Then, in 2016 the Government announced that for the three years from 2017/18 to 2019/20, councils would be allowed to increase the adult social care precept by up to 3% a year, but no more than 6% in total over that period. Norfolk County Council took the decision to increase the adult social care precept by 3% in 2017/18 and 3% in 2018/19. This meant that in 2019/20 it did not increase the adult social care precept but continued to collect the existing precept and spend this on adult social care. In its spending round on 4 September 2019 the Government announced that councils could increase the adult social care precept by up to 2% in 2020/21, and the Council took this option. In the 2020 Spending Review and subsequent provisional Settlement, Government has allowed councils to increase the adult social care precept by 3%, with the option to defer some or all of this into 2022/23. The Council's budget proposals for 2021/22 include a 2% increase in the adult social care precept, with a further 1% increase to be deferred into 2022/23.	Credit and the move from Disability Living Allowance (DLA) to Personal Independence Payment. Disabled people and their carers are particularly likely to be affected, and many report increased financial hardship. The impact varies according to the circumstances of each individual, but there are obvious implications for those who are already in receipt of benefits such as DLA or Employment and Support Allowance and have lost their entitlement, and those who may need to move house. Another issue to take into account is the potential impact on people in rural areas. Rural housing may be more expensive than urban properties and may therefore tend to be in higher tax bands. However, people in rural areas would argue that being asset rich does not mean income rich, and in cash terms, rural areas may shoulder a larger percentage of the total council tax return. **Conclusions** It is likely that the financial impact of an increase in council tax would be reduced for some vulnerable people and those on low incomes by existing council tax exemption mechanisms. It is important to note, however, that these provisions vary from district to district depending on the council tax support scheme provided, and will depend on people's individual circumstances. Overall, the impact is likely to be greatest for households on a low, fixed income, but which are not eligible for council tax support. This may include disabled people who are in work, and this is important to note, given that disabled people are likely to earn less than their non-disabled counterparts, even when they share the same qualifications and other relevant characteristics[6]. On balance, the greatest factor to take into account is that an increase in council tax and adult social care precept would primarily benefit Norfolk's most vulnerable families and disabled and older people and their carers. This is because it will enable the Council to continue to protect essential children's and adult social care services, as well as fund other vital services that benefit every person within the county – such as libraries, fire and rescue services, the

Reference and title of proposal:	Potential impact
	environment, public health, culture and heritage, trading standards and highways.
FCS003: Automation of IMT processes (staff budgets) - Automation for simple repetitive tasks such as provision of access rights to file shares. Staffing reductions to be delivered by targeting vacancy management and natural turnover, although some potential for redundancies.	If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are used as effectively as possible to achieve the best possible outcomes for local communities. If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support

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	relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments would be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms and conditions. Any organisational changes would be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.
FCS004: New network and telephony support arrangements - New network and telephony support arrangements - Reduced administrative effort to maintain network and telephone systems. Review small scale headcount reduction and / or reduced expenditure on third party support contracts.	If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are used as effectively as possible to achieve the best possible outcomes for local communities. If this proposal goes ahead, there is no evidence to indicate that it would:

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FCS006: Reduced expenditure on the corporate printing contract - Schools IT reduced cost and increased income - Implement a range of measures to improve profitability of the Schools IT operation, through increased efficiency / reduced costs to provide service, and ceasing trading in areas where the income does not cover the full cost of provision	If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are used as effectively as possible to achieve the best possible outcomes for local communities. If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.

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FCS007: Switching all IMT mobile phones over to bring your own device (BYOD) - Reduced expenditure on mobile telephony through BYOD, usage policies and contract management.	If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are

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	used as effectively as possible to achieve the best possible outcomes for local communities. If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty;

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FCS008: Reduced expenditure on software applications such as Adobe Acrobat and MS Project - Challenging current use and requirements, and providing lower cost alternatives.	If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are used as effectively as possible to achieve the best possible outcomes for local communities. If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics;

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	with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.
FCS009: Travel and transport budget in IMT - Reduced costs through increased mobile and flexible working, more virtual visits and reduced courier / delivery costs.	If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are used as effectively as possible to achieve the best possible outcomes for local communities. If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so.

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FCS010: Increased Data Centre Income - Sharing the NCC data centre more widely with Norwich City Council, and possibly other partners, enabling income targets to be overachieved.	If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are used as effectively as possible to achieve the best possible outcomes for local communities. If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and

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FCS011: One-off use of reserves - One-off savings and use of reserves within Budgeting and Financial Management.	If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are used as effectively as possible to achieve the best possible outcomes for local communities. If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.

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FCS012: Vacancy management within Internal Audit Service - Vacancy management and team structure review, and review of contracted services budget.	If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are

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FCS013: Introduction of new technology and reduction in posts in Finance Exchequer Services - Savings from reduction in headcount enabled by introduction of new technology including additional employee self-service.	If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are used as effectively as possible to achieve the best possible outcomes for local communities. If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics;

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	with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.
FCS014: Benefits realisation from the HR & Finance System replacement project in Finance Exchequer Services - Benefits realisation work is still underway to quantify value of saving from the HR & Finance System replacement, but current forecast reflects savings of £0.4m in 2022-23 which will be delivered by a combination of reduction in posts and changes to licence costs. Expected full year effect of the project being implemented is currently estimated as a further £0.1m from 2023-24.	If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are used as effectively as possible to achieve the best possible outcomes for local communities. If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support

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	relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • This means that reasonable adjustments would be put in place for people who experience disadvantage or barriers to the built and virtual environments; services; information; ICT and communication, due to a protected characteristic, in accordance with the Equality Act 2010. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms and conditions. Any organisational changes would be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.
FCS015: Corporate Property savings in direct revenue costs - Savings achieved through reduced maintenance, security and other revenue costs based on exiting some additional sites, enabled by changes to ways of working due to COVID-19.	If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are used as effectively as possible to achieve the best possible outcomes for local communities. If this proposal goes ahead, there is no evidence to indicate that it would:

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	• There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms and conditions. Any organisational changes would be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.
FCS016: One-off saving from release of reserves.	If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are used as effectively as possible by the Council to achieve the best possible outcomes for local communities. If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial

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Reference and title of proposal:	Potential impact
FCS017: BC3 - Budgeting and Accounting one-off use of Finance Org Change reserve.	If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements.

Appendix 6: Equality and Rural Impact Assessment

Reference and title of proposal:	Potential impact
	• There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms and conditions. Any organisational changes would be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.

Finance General budget proposals 2021-22 to 2024-25

Reference and title of proposal:	Potential impact
FIN001: One off release of Organisational Change Fund - Underlying annual budget provision for organisational change and redundancy costs is £2.7m (2019-20). Assessment of amount required to be held against organisational need, experience of actual costs incurred, and the likely organisational and staffing impact of emerging saving proposals for 2021-22, indicate that it would be possible to continue release £0.500m from this budget on the same basis as 2020-21. This reflects a delay of cost pressure for 2021-22 to 2022-23.	If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are used as effectively as possible to achieve the best possible outcomes for local communities. If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users.

Reference and title of proposal:	Potential impact
	• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms and conditions. Any organisational changes would be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.
FIN002: Insurance review (One-off use of reserves) - Review of Insurance reserves, claims and risks allows £0.500m to be released on a one-off basis.	If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are used as effectively as possible to achieve the best possible outcomes for local communities. If this proposal goes ahead, there is no evidence to indicate that it would: • Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.

<table>
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Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so.
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<tr><td>FIN003: Interest Payable/Receivable - Revised estimates of interest payable and receivable budgets for 2021-22 based on latest forecasts enable a reduction in budget provision.</td><td>If this proposal goes ahead, it will provide an opportunity to make better use of resources. This would impact positively on residents of Norfolk, including residents with protected characteristics, because it will ensure that budgets are used as effectively as possible to achieve the best possible outcomes for local communities.

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Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay,</td></tr>
</table>

Reference and title of proposal:	Potential impact
	bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms and conditions. Any organisational changes would be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.
FIN004: BC3 - Treasury management interest payable budget saving	If this proposal goes ahead, there is no evidence to indicate that it would:

Appendix 6: Equality and Rural Impact Assessment

Reference and title of proposal:	Potential impact
	• Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who identify as intersex or non-binary; disabled people; Black and Asian people or people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender, or people in rural areas) compared to people who do not share these characteristics; • More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence. This is because: • Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility criteria for services, so people will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so. • The proposal will not lead to new or increased costs for service users. • The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance. • The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements. • There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be no changes to staff terms and conditions. Any organisational changes would be developed, implemented and monitored in accordance with agreed workforce policies. If establishment structures or posts change, it is not expected that this would lead to staff with protected characteristics being disproportionately represented in redundancy or redeployment figures. • Similar proposals have been successfully implemented elsewhere in the UK.

Annex A – Proposal to increase council tax

Table: The number of dwellings on the council tax valuation list, and percentages of council tax exemptions, by Norfolk district (October 2020)

	Total chargeable dwellings on valuation list	Number dwellings paying full Council Tax	% Dwellings paying full Council Tax	% Dwellings subject to some kind of reduction in Council Tax
Breckland	60,847	41,407	68.05%	31.95%
Broadland	58,243	39,708	68.18%	31.82%
Great Yarmouth	47,683	28,793	60.38%	39.62%
Kings Lynn & West Norfolk	71,518	47,921	67.01%	32.99%
North Norfolk	54,358	35,637	65.56%	34.44%
Norwich	64,873	36,531	56.31%	43.69%
South Norfolk	62,341	41,069	65.88%	34.12%
Total Norfolk	**419,863**	**271,066**	**64.56%**	**35.44%**

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[1] **Prohibited conduct:**

Direct discrimination occurs when someone is treated less favourably than another person because of a protected characteristic they have or are thought to have, or because they associate with someone who has a protected characteristic.

Indirect discrimination occurs when a condition, rule, policy or practice in your organisation that applies to everyone disadvantages people who share a protected characteristic.

Harassment is "unwanted conduct related to a relevant protected characteristic, which has the purpose or effect of violating an individual's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that individual".

Victimisation occurs when an employee is treated badly because they have made or supported a complaint or raised a grievance under the Equality Act; or because they are suspected of doing so. An employee is not protected from victimisation if they have maliciously made or supported an untrue complaint.

[2] The protected characteristics are:

Age – e.g. a person belonging to a particular age or a range of ages (for example 18 to 30 year olds).

Disability – a person has a disability if she or he has a physical or mental impairment which has a substantial and long-term adverse effect on that person's ability to carry out normal day-to-day activities.

Gender reassignment – the process of transitioning from one gender to another.

Marriage and civil partnership

Pregnancy and maternity

Race – refers to a group of people defined by their race, colour, nationality (including citizenship), and ethnic or national origins.

Religion and belief – has the meaning usually given to it but belief includes religious and philosophical beliefs including lack of belief (such as Atheism).

Sex – a man or a woman.

Sexual orientation – whether a person's sexual attraction is towards their own sex, the opposite sex or to both sexes.

[3] The Act specifies that having due regard to the need to advance equality of opportunity might mean:

- Removing or minimizing disadvantages suffered by people who share a relevant protected characteristic that are connected to that characteristic;
- Taking steps to meet the needs of people who share a relevant protected characteristic that are different from the needs of others;
- Encouraging people who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such people is disproportionately low.

[4] Having due regard to the need to foster good relations between people and communities involves having due regard, in particular, to the need to (a) tackle prejudice, and (b) promote understanding.

[5] To view the Digital Inclusion Strategy, see Item 12 via this hyperlink.

[6] The same is also true for women, and some Black, Asian and minority ethnic (BAME) people – particularly BAME women.

Report to Scrutiny Committee

Item No 8B

Decision making report title:	**Capital strategy and programme 2021-22**
Date of meeting:	**1 February 2021**
Responsible Cabinet Member:	**Cllr Andrew Jamieson (Cabinet Member for Finance)** **Cllr Andrew Proctor (Leader of the Council)**
Responsible Director:	**Simon George (Executive Director of Finance and Commercial Services)**
Is this a key decision?	**Yes**

Introduction from Cabinet Member

This report presents the proposed capital strategy and programme and includes information on the funding available to support that programme. This year in particular the capital programme is central to a strategy of regeneration: enabling economic recovery, promoting Active Travel, generating efficiencies through the use of information technology and making provision for the continuation of development of our libraries into local multi-service hubs.

The papers summarise the development of the proposed capital programme, including proposed new schemes, and a summary of forecast capital receipts.

Executive Summary

The proposed programme is based on a capital strategy and consists of two main elements – schemes included in the current programme and new schemes to be funded through borrowing, capital receipts or grants and other anticipated contributions from third parties.

Total new schemes to be added to the programme total £102.468m, including for example children's residential homes (£4m), supported housing for young adults (£11.5m), improvements to greenways, footpaths and trails £3m), significant funding for new replacement libraries (£4m), the Long Stratton Bypass, and flood repairs. To help continue address local priorities including safety and environmental measures, the local member capital fund has been extended to 2024.

When proposed new schemes are added to the existing £435.192m programme for future years, the future capital programme totals £537.660m.

Recommendations

1) **agree the Capital Strategy at Appendix A as a framework for the prioritisation and continued development of the Council's capital programme;**
2) **agree the proposed 2021-25+ capital programme of £537.660m, subject to additional amounts for schemes yet to be re-profiled from 2020-21;**
3) **refer the programme to the County Council for approval, including the new and**

extended capital schemes outlined in Appendix D;

4) **recommend to County Council the Council's Flexible Use of Capital Receipts Strategy for 2021-22 as set out in Section 5;**
5) **note known grant settlements as summarised in Section 3 and agree that future capital grants will be added to the programme when confirmed;**
6) **note the estimated capital receipts to be generated, subject to market conditions, over the next four years to support schemes not funded from other sources, as set out in Table 5.**

1. Background and Purpose

1.1. The Council needs to set a capital programme prior to the beginning of each financial year and to commit the revenue and capital resources required to deliver the programme.

1.2. Historically, most schemes are prioritised within the two major capital programme areas of transport and schools, with corporate property, Adult Social Care, IT and loans to subsidiary companies also important themes.

1.3. Schemes are considered by the appropriate team to ensure that the capital programme integrates with business and service planning, with revenue implications taken into account. Highways schemes are prioritised within CES. Schools schemes are prioritised through the member-led Children's Services Capital Priorities Group. Large property sales and purchases are co-ordinated through the Council's Corporate Property team and are reported through Cabinet.

1.4. Schemes not covered by the major headings above are developed by the relevant chief officer, and where corporate funding is required are considered by the Executive Director of Finance and Commercial Services, who considers the overall affordability of the programme.

1.5. The Council's overall capital programme is formed by combining service capital programmes, and ensuing that sufficient funding is available before seeking Council approval.

1.6. This report sets out the proposed capital programme for 2021-25+. It is supported by a strategy aimed at securing a structured, affordable and prioritised approach for the development of future years' capital programmes.

2. Proposals

2.1. The attached report introduces the proposed capital programme for 2021-25+.

2.2. The proposed programme consists of two elements – schemes included in the current programme and new schemes funded through borrowing, capital receipts or grants and other anticipated contributions from third parties.

2.3. The programme is supported by a prioritisation model to help guide the best use of resources.

2.4. The size of the capital programme reflects capital grant settlements, forecast capital receipts, other external and internal funding sources and proposed borrowing as set out in the attached Annex.

2.5. The Council's ability to prudentially borrow to fund future schemes is limited by the budgetary pressures which the Council continues to face. Information regarding the revenue implications of prudential borrowing for new schemes is provided in Section 6.

3. Impact of the Proposal

3.1. The recommendations set out in this report are intended to enable Full Council to approve a capital programme for 2021-22, and provide a basis for the longer term programme.

3.2. The proposals will impact upon the nature and type of services and facilities provided by the council, as well as delivering transformation to underlying council structures and operating models. Examples of high-profile transport projects in the programme include the Great Yarmouth Third River Crossing and the Long Stratton bypass. Transformational projects include an ambitious programme to improve SEND school provision, and funding for greenways, natural capital and improvements to the national and Norfolk Trails network as well as Active Travel schemes.

4. Evidence and Reasons for Decision

4.1. The attached Annex summarises the development of the proposed capital programme, including proposed new schemes, and a summary of forecast capital receipts.

5. Alternative Options

5.1. The papers appended to this report represent the culmination of the process to develop capital schemes to be recommended to Full Council which will improve services, promote efficiencies and address deficiencies. However, at this stage it remains the case that new capital proposals have not been agreed, and could be removed from the proposed capital programme.

6. Financial Implications

6.1. The financial impacts of the proposed capital programme including expenditure, funding, financing and the impact on future revenue budgets are dealt with in detail in Sections 3 to 6 of the attached Annex.

7. Resource Implications

7.1. **Staff:** A number of the schemes included in the proposed capital programme are necessary to enable staff to provide services in an efficient and effective way, and in safe and well-maintained premises.

7.2. **Property:** Several schemes included in the proposed capital programme support the development and improvement of the school's estate, and the exploitation, improvement and consolidation of the Council's operational and office property. Saving plans include activities linked to property budgets, and assumptions around levels of capital receipts to be achieved.

7.3. **IT:** A number of the schemes included in the proposed capital programme support IT projects and initiatives, including the development, implementation and exploitation of new systems and approaches. Existing saving plans include activities linked to IMT budgets.

8. Other Implications

8.1. **Legal Implications**
None identified.

8.2. **Human Rights implications**
None identified.

8.3. **Equality Impact Assessment (EqIA)**
A public consultation process on the 2021-22 Budget has been undertaken. As in previous years, this public consultation has informed an equality impact assessment in respect of both new 2021-22 Budget proposals and the Council's Budget as a whole, which includes the revenue impact of capital spending decisions. In addition, councillors have considered the impact of proposals on rural areas.
The proposed capital programme includes a recurring capital budget specifically to resolve access and other Equality Act issues.

8.4. **Health and Safety implications**
The proposed capital programme includes capital budgets specifically to address health and safety issues, including funding for fire safety related projects, asbestos removals, and a minor works budget to address works needed after health and safety audits.

8.5. **Sustainability implications**
On 25 November 2019, the County Council approved an Environmental Policy. The proposed capital programme recognises the implications of the new policy with £1m of capital expenditure allocated to environmental projects.
Other schemes within the proposed capital programme may also have an impact on the environmental sustainability of the County Council, particularly those relating to more intensive use of property assets, and highways schemes intended to support active travel. New capital funding is proposed to enhance greenways and footpaths, the national and Norfolk trails network in the County, and to address the risks caused by Ash dieback.

8.6. **Any other implications**
Significant issues, risks, assumptions and implications have been set out throughout the papers appended to this report.

9. Risk Implications/Assessment

9.1. There is a long-term risk to the Council's ability to deliver services without sufficient investment in maintaining its assets. To mitigate this, the capital programme is aligned to the Council's asset management plans and property client function ensuring that assets are well-maintained or disposed of if surplus to requirements.

9.2. The programme requires regular monitoring, management and budgetary control to deliver schemes on time and within budget. This is addressed through regular capital finance monitoring reports which are reported to Cabinet.

9.3. The capital programme is set on the basis of best estimates of cost. Through good procurement practice, the Council will continue where possible to manage down the costs of capital schemes, and to minimise the need to borrow.

9.4. There is a risk that anticipated grants and other third-party contributions will not be received for reasons out of the authority's control. In these circumstances, the programme will be amended to reflect the reduced funding.

10. Select Committee comments

10.1. N/A.

11. Recommendations

11.1. Recommendations are set out in the Executive Summary.

12. Background Papers

12.1. Caring for our County, the vision for Norfolk: Link
Together, For Norfolk – an ambitious plan for our County 2019-2025: Link
County Council Budget 2021-22, (on this agenda)
Finance Monitoring Report 2020-21 (on this agenda)
Annual Investment and Treasury Strategy 2021-22 (on this agenda)
Major projects and improvement plans - Norfolk County Council
Norfolk Strategic Infrastructure Delivery Plan 2020.pdf

Officer Contact

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

Name	Telephone Number	Email address
Simon George	01603 222400	simon.george@norfolk.gov.uk
Howard Jones	01603 222832	howard.jones@norfolk.gov.uk

Annex

Norfolk County Council

Capital strategy and programme 2021-22

Report by the Executive Director of Finance and Commercial Services

1. Background and introduction

1.1. **Introduction**

1.1.1. This report introduces the proposed overall capital programme for 2021-22 and following years.

1.1.2. The proposed programme consists of two elements – schemes included in the current programme funded through borrowing, capital receipts when available, or grants and contributions from third parties, and new schemes requiring additional prudential borrowing.

1.1.3. The size of the capital programme reflects capital grant settlements that have been announced by central government, forecast capital receipts, other external and internal funding sources and proposed borrowing as set out in this report.

1.1.4. The Council pays from future revenue budgets the interest costs of borrowing undertaken for capital expenditure purposes. In addition, in accordance with its MRP policy, the Council will aside an amount from each future revenue budget to re-pay its borrowing.

1.2. **Government spending plans**

1.2.1. **Winter Economy Plan**: The Chancellor of the Exchequer cancelled the 2020 Autumn Budget due to the coronavirus pandemic delivering instead a Winter Economy Plan on 24 September 2020 which confirmed measures to help businesses and to support public services in their response to the virus. No capital-specific funding was included in the Plan.

1.2.2. **Transforming Cities Fund**: On 25 September 2020, the government announced just over £32 million of government funding from the Transforming Cities Fund (TCF) to overhaul local transport links in Norwich, including a new bus interchange at Norfolk and Norwich University Hospital, improvements to cycle and pedestrian crossing facilities, and a junction redesign at Heartsease.

1.2.3. Active Travel: In May 2020 the government announced final funding allocations of the active travel fund to support local transport authorities develop cycling and walking facilities. Tranche 1 enabled the installation of temporary projects related to the COVID-19 pandemic and Tranche 2 is for longer-term projects with Norfolk allocated approximately £1.8m in total.

1.2.4. **Spending review 2020**: A government spending review, originally planned for summer 2020, was presented to Parliament on 25 November 2020. This provides a framework for public expenditure, and includes “£100 billion of capital investment next year, a £27 billion real terms increase compared to 2019-20. This is another significant step towards achieving the government's objective of over £600 billion of gross public investment over the next five years, reaching the highest sustained levels of public sector net investment as a proportion of GDP since the late 1970s".

1.2.5. The capital expenditure aims to "kickstart growth and support jobs" and to give "multi-year funding certainty for existing projects – such as school and hospital rebuilding, and flagship transport schemes". "Infrastructure investment is a key part of this and [the spending review] targets investment to support regional cities as engines of growth through the Transforming Cities Fund and intra-city transport settlements; rejuvenate towns and communities in need in England through the Towns Fund; and ensure each place is well connected through increased investment in road, rail and broadband."

1.2.6. **National Infrastructure Delivery Plan November 2020**: A National Infrastructure Delivery Plan was published in November 2020 alongside the spending review. This document, subtitled *Fairer, faster, greener*, sets out government policy on infrastructure and construction, including broadband, energy and transport, and on carbon reduction aspirations.

1.2.7. In the document the government acknowledges the importance of local green space and Green Infrastructure, and it also urges local authorities to take steps to preserve construction jobs in their areas by progressing funded projects as soon as practicable.

1.2.8. There are two key transport investments specified in Norfolk: the Great Yarmouth Third River Crossing and a mobility hub at Norwich station. Norfolk residents will also benefit from the Lowestoft Lake Lothing Third Crossing.

1.2.9. **Public Works Loan Board**: Local authorities invest billions of pounds of capital finance every year in their communities and the government supports this activity, in part, by offering low cost loans through the Public Works Loan Board (PWLB). In recent years a minority of councils have used this cheap finance to buy very significant amounts of commercial property for rental income. To address this the government has revised the terms of PWLB lending to ensure local authorities continue to invest in housing, infrastructure and front-line services.

1.2.10. On 26 November 2020, PWLB rates reverted back to the margins in place before a 1% increase made in November 2020. As part of the new arrangements, the PWLB will no longer lend to local authorities that plan to buy commercial assets primarily for yield. In particular, using PWLB borrowing to fund the purchase of property for investment purposes is prohibited. Also, in order to borrow from the PWLB, local authorities will be required to submit a summary of their planned capital spending and PWLB borrowing for the following three years.

1.3. Local joint working

1.3.1. Norfolk County Council works with a number of other authorities and bodies in the development of capital and infrastructure projects and investments.

1.3.2. Examples of current joint working include:

1.3.3. **Local plans:** A Norfolk Strategic Infrastructure Delivery Plan 2020.pdf was published by the Council and its partners in December 2020. It pulls together information on the key infrastructure needed to deliver economic growth in Norfolk. As well as transport and housing, it covers digital connectivity, education and the Offshore Transmission Network, and it lists a number of major projects in which the Council and its partners have control or a significant interest, covering road, rail, utility, sustainability, education and regeneration projects.

1.3.4. Further details of major transport project and improvement plans in Norfolk can be found at Major projects and improvement plans - Norfolk County Council. A Highways Capital Programme and Transport Asset Management Plan will be presented to Cabinet in March 2021.

1.3.5. **One Public Estate**: Together with the district councils in Norfolk, the County Council is closely involved in the "One Public Estate" programme. The aim of this programme is to use public assets more effectively to deliver programmes of major service transformation and local economic growth.

1.3.6. The Council works closely with the **New Anglia LEP**, which has resulted in the LEPs direct financial support for a number of infrastructure projects as well as direct support to businesses in Norfolk.

1.3.7. The **Norfolk Joint Museums Committee** consists of representatives from district councils and the County Council. The Norfolk Museums Service is run by Norfolk County Council with capital schemes managed and reported as part of the Council's financial monitoring. The Norwich Caste Keep "Gateway to Medieval England" project is a nationally significant scheme which will see the Keep reimagined and reinterpreted.

1.3.8. Having been awarded just over £6.1m in 2019 for schemes to transform travel in Greater Norwich, Norfolk County Council, in partnership with Norwich, Broadland and South Norfolk submitted a revised proposal for additional **Transforming Cities** funding (details above).

2. The Proposed Capital Programme 2021-25

2.1. Background

2.1.1. The capital programme for 2020-23 was agreed by the County Council in February 2020. This was prepared based on schemes brought forward, information from the Government on known and forecast funding levels available at that time, plus new schemes requiring additional prudential borrowing approved at the time.

2.1.2. The capital programme has been updated through the year to include the latest estimates of capital funding available to the Council and schemes added to the programme during the year as approved by Cabinet and County Council. Further information on external funding is included in Section 3.

2.1.3. The proposed capital programme is underpinned by a Capital Strategy (Appendix A to this report) which was agreed at 2 November 2020 Cabinet. Schemes are scored against priorities also approved at 2 November 2020 Cabinet (Appendix B).

2.1.4. A new Capital Programme Quarterly Review Board has been set up to co-ordinate and provide oversight of the Council's overall programme. Including the Cabinet member for Finance, the board will provide a forum for officers from all services to discuss new schemes added to the programme, as well as existing schemes.

2.1.5. The 2021-25+ programme reflects all amounts re-profiled up to and including month 8 (November) and significant changes made in month 9 (December). Re-profiling of schemes between years to reflect the revised timing of project delivery is reported to each Cabinet.

2.1.6. The new capital programme reflects known government grant settlements for 2021-22 and beyond. The programme also sets out the necessary borrowing to be approved in order to provide sufficient funding for agreed schemes.

2.1.7. A schedule of existing schemes included in the on-going capital programme is attached at Appendix C to this Annex, with new schemes listed in Appendix D.

2.1.8. Particular attention should be drawn to those schemes which are to be funded from borrowing and capital receipts. The budget proposals provide for the direct use of capital receipts for the repayment of debt. As a result, there will be very limited capital receipts available to support new capital expenditure. An analysis of receipts and their proposed use is included in Section 4.

2.2. The Existing Programme

The value of existing schemes brought forward into the new programme are shown in the table below. These figures are based on period 8 financial monitoring as at 30 November 2020 amended for significant changes made in month 9 (December). This position will vary through to 1 April 2021 as schemes are accelerated or delayed, with all movements reported to Cabinet.

Table 1: Existing programme, excluding proposed new schemes

Service	2021-22 £m	2022-23 £m	2023-24 £m	2024-25+ £m	Total £m
Adult Social Care	11.325	6.436	6.000	13.681	**37.442**
Children's Services	97.680	106.478			**204.158**
CES Highways	52.246	33.380			**85.626**
CES Other	41.165	3.788			**44.953**
Finance and Comm. Servs	45.441	11.172	4.000	2.000	**62.613**
Strategy and Governance	0.050	0.350			**0.400**
Total	**247.907**	**161.604**	**10.000**	**15.681**	**435.192**

2.3. New schemes

Schemes not included in previous capital programmes will result in the following additions to the capital programme subject to approval:

Table 2: Proposed investment in new schemes

Service	2021-22 £m	2022-23 £m	2023-24 £m	2024-25+ £m	Total £m
Adult Social Care	3.200	5.000	11.500		**19.700**
Children's Services	1.500	1.500	4.000		**7.000**
CES Highways	1.134	8.165	0.933		**10.232**
CES Other	10.205	8.614	4.764		**23.583**
Finance and Comm. Servs	17.648	16.205	8.100		**41.953**
Strategy and Governance					**0.000**
Total	**33.687**	**39.484**	**29.297**	**0.000**	**102.468**

2.4. The Total Proposed Capital Programme (existing and new)

The full Capital Programme for 2021-25, combining existing and proposed schemes, is summarised in the following table.

Table 3: Proposed Total Capital Programme

Service	2021-22 £m	2022-23 £m	2023-24 £m	2024-25+ £m	Total £m
Adult Social Care	14.525	11.436	17.500	13.681	**57.142**
Children's Services	99.180	107.978	4.000		**211.158**
CES Highways	53.380	41.545	0.933		**95.858**
CES Other	51.370	12.402	4.764		**68.536**
Finance and Comm. Servs	63.089	27.377	12.100	2.000	**104.566**
Strategy and Governance	0.050	0.350			**0.400**
Total	**281.594**	**201.088**	**39.297**	**15.681**	**537.660**

Note: tables on this page may be subject to small rounding differences

2.5. The existing programme includes on-going schemes, and new schemes approved in-year:

Major programmes and schemes, for example

- Schools basic need and capital maintenance
- Living Well - Homes for Norfolk: to develop extra care housing in Norfolk
- SEND transformation programme to create 500 extra specialist school places
- Great Yarmouth Third River Crossing
- Norwich Western Link
- Transport capital maintenance
- Better Broadband for Norfolk

Where additional funding for existing capital schemes have been received during the current financial year, they have been added to the programme, with all changes reported to Cabinet. New schemes requiring borrowing have been approved by Cabinet and County Council.

New schemes approved during the 2020-21 financial year (to date) include

- Investment in library stock 2020-21 (£1m)
- LED upgrates to 15,000 main road streetlights (£8.5m)
- Case management system for appointeeships and deputyships (£0.22m)
- Museums Service tills (£0.039m)
- An addition of £30m prudential borrowing for the schools capital programme
- Purchase of farmland at Outwell (£1.4m)
- Development of software to support the Card Payments programme (£0.030m)
- loan funding from within the existing capital programme to Hethel Innovation Limited to purchase additional land (amount exempt)

In addition, £2.7m previously approved in the existing Accommodation Rationalisation capital budget, to fund Accessibility was re-allocated to fund Inclusivity improvements to County Hall.

A full summary of schemes in the existing programme can be found in Appendix C.

In addition, the County Council approved the flexible use of £3m capital receipts to fund the Children's Services Demand Management & Prevention Strategy in 2020-21 and 2021-22.

2.6. New schemes proposed for addition to the capital programmes include:

Capitalisation of works previously funded from revenue budgets:

- Capitalisation of community equipment and assistive technology where the asset life of more than one year
- Library book stocks
- Capitalisation of staff costs of capital maintenance works, including highways, museums and environmental assets
- Capitalisation of IT development costs, property staff and capital programme management costs

Examples of new and existing projects requiring borrowing or unallocated capital receipts:

- The purchase or creation of specialist children's homes and semi-independent in-house provision for children looked after.
- The development of Wensum Lodge
- Capital contributions towards new libraries at Great Yarmouth the King's Lynn
- Various Fire and Rescue Service schemes, including equipment, property capital maintenance and building improvements, and fire training facilities
- Improvements to recycling facilities in West Norfolk
- Replacement vehicles and new site equipment to support recycling facilities
- Property capital maintenance and improvements throughout the estate
- On-going programme of capital maintenance and improvements at County Hall
- ICT critical infrastructure
- Additional loan facility available to Repton Property Developments

New schemes (grant funded) not requiring additional borrowing

- Highways new DfT grants not already included in the programme are added as and when funding is secured.
- Schools basic need and capital maintenance grants from the DfE.

Details of all the new schemes above are given in Appendix D.

2.7. Major known funding sources (eg structural maintenance grants) are already in the programme for 2020-21 and future years. Other external funding will be added to the programme as and when secured.

2.8. The prioritisation system used to rank schemes has been developed in accordance with good practice and the Council's priorities. It provided a firm basis for comparing unfunded/unsupported schemes and is summarised in Appendix B.

3. Financing the Programme

3.1. The capital programme is financed through a number of sources – grants and contributions from third parties; contributions from revenue budgets and reserves; and external borrowing and capital receipts.

3.2. For the purpose of the table below, it is assumed that future capital receipts will be applied to the direct re-payment of debt or the flexible use of capital receipts, rather than funding the capital programme.

3.3. Proposed new schemes will result in an additional £102.468m of new borrowing over the period of the programme, subject to alternative sources of funding becoming available. This will result in a total borrowing need of £407m to fund the capital programme. This amounts to a considerable investment and is a reflection on the ambition of the programme, decreasing relative levels of central government capital grant, and increasing pressures on the revenue budget.

3.4. The funding of the proposed programme is set out in the table below:

Table 4: Funding of the Proposed Capital Programme £m

Service	2021-22 £m	2022-23 £m	2023-24 £m	2024-25+ £m	Total £m
External Grants and Contributions including Government grants	91.971	38.463			**130.434**
Revenue and Reserves					**0.000**
Capital receipts (see note)					**0.000**
Borrowing	189.623	162.625	39.297	15.681	**407.226**
Total	**281.594**	**201.088**	**39.297**	**15.681**	**537.660**

This table may be subject to small rounding differences
Note: capital receipts will be allocated to fund the programme and reduce borrowing as and when they are not required for other purposes and have been secured.

3.5. Grants and contributions funding the programme include grants received or announced in previous years, not yet spent. Non-government external funding is primarily from developer contributions relating to highways and school's schemes around new developments, and the heritage lottery fund in respect of the Norwich Castle Keep development. The largest external grants are received from the government Departments for Transport and Education.

3.6. Partially due to the postponement of the autumn budget, there have been no significant budget announcements relative to local government capital funding during the development of this programme.

3.7. The Department for Education condition funding methodology was last reviewed April 2019. Norfolk's DfE Basic Need allocation for 2021-22 is £7.802m, based on 404 additional places. This is a significant reduction when compared to the average of £14.8m pa received since 2011.

3.8. 2020-21 was the third of a three year programme over which SEND sufficiency capital funding of £4.629m was received. No further announcements have been made in respect of 2021-22.

3.9. For schools capital maintenance, the DfE allocates devolved formula capital (DFC) for schools to spend on their own capital priorities, and a school condition allocation (SCA). In 2020-21 these amounted to £1.009m and £5.288m respectively. At the time of writing the 2021-22 allocation has not yet been announced.

3.10. Highways funding from the Department for Transport (DfT) for both Structural Maintenance and Integrated Transport Block grants has been based broadly on a 6-year formula which ends in 2020-21 (£23.043m and £4.141m respectively). No further announcements have been made in respect of 2021-22.

3.11. The transport funding environment has becoming more complex and varied over the past few years with allocations "top-sliced" to allow councils to bid into one-off "challenge" and "incentive" pots. The Council continues to look towards alternative sources of funding such as the Transforming Cities Fund (see section 1 above).

3.12. In the 2018 Autumn Budget the Government, announced a £98m grant for a new lifting bridge across the River Yare in Great Yarmouth (the Third River Crossing) as part of its Large Local Major Schemes Programme. On 25 November 2020 the final business plan was approved, and the funding unlocked. The project is expected to cost £121 million overall, with the remainder of funding coming from local sources. Construction is scheduled to begin in early 2021 with the bridge open for use in early 2023.

3.13. In May 2020 the government announced final funding allocations of the active travel fund to support local transport authorities develop cycling and walking facilities. Tranche 1 enabled the installation of temporary projects related to the COVID-19 pandemic and Tranche 2 is for longer-term projects with Norfolk allocated approximately £1.8m in total.

3.14. Details of highways funding and proposed allocations are detailed in the Highways Capital Programme and Transport Asset Management Plan which is due to be presented to 8 March 2021 Cabinet.

3.15. A Disabled Facilities Grant (DFG) is received as part of the Better Care Fund. The Spending Review 2020 confirmed that the iBCF grant will continue in 2021 to 2022 and be maintained at its current level. The Disabled Facilities Grant, which is forwarded to district housing authorities to administer, will also continue.

4. Capital Receipts forecast

4.1. Where capital receipts are generated through the sale of assets or repayments of loans by third parties, these may be: (a) used to fund in-year capital expenditure, reducing the need to borrow (b) held to offset future capital borrowing requirements (c) used to repay existing borrowing, or (d) used to fund the "Flexible use of capital receipts" (see section 5 below). In accordance with the Council's constitution, some of the farms Capital Receipts are reinvested back into the Farms Estate. Otherwise, capital receipts are a corporate asset and not ring-fenced to any specific service or function.

4.2. The Council continues to review its assets seeking to ensure that their ongoing use supports the Council's future priorities. Assets that do not meet this need have been identified and form the basis of a continually updated disposal schedule.

4.3. The figures included in the schedule are currently the best estimate of the value of properties available for disposal, pending formal valuations, market appetite, planning decisions, timing of sales and delivery options, particularly in relation to housing schemes.

Table 5: Draft property available for disposal schedule, estimates £m

Property sales	**2021-22**	**2022-23**	**2023-24**	**2024-25**
	£m	**£m**	**£m**	
Required to support revenue budget	2.000	2.000	2.000	2.000
Potential for flexible use of capital receipts (see below)	3.000			
Cumulative	***5.000***	**7.000**	**9.000**	**11.000**
Forecast property sales:				
High likelihood	8.284	3.326	1.176	
Medium likelihood	2.311	2.335	2.025	0.007
Low likelihood (likely to move to future years)	0.001	0.000	0.755	0.158
Total	**10.596**	**5.661**	**3.956**	**0.165**
Analysed by farms/non-farms property				
Farms	3.149	2.005	2.580	0.150
Non-farms	4.777	3.156	1.376	0.015
Major development sites (farmland)	2.670	0.500	-	-
	10.596	**5.661**	**3.956**	**0.165**
Cumulative	**10.596**	**16.257**	**20.213**	**20.378**

4.4. In addition, any repayments of capital loans made by NCC will be included in the value of capital receipts used to repay debt or to support the capital programme.

5. Flexible use of capital receipts

Introduction

5.1. MHCLG Statutory Guidance on the Flexible Use of Capital Receipts (updated), dated March 2016, has offered local authorities flexibility in the use of capital receipts. Originally this covered receipts generated between April 2016 and March 2019. However, the Local Government Finance Settlement 2018-19 has extended this for an additional three years.

5.2. Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.

5.3. Local authorities can only use capital receipts from the disposal of property, plant and equipment assets received in the years in which this flexibility is offered. Local Authorities may not use their existing stock of capital receipts or loan repayments to finance the revenue costs of reform.

Background

5.4. Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under section 11 of the Local Government Act 2003, specify the purposes for which capital receipts may be used. The main permitted purpose is to meet capital expenditure together with other specified types of payment. Permitted purposes do not include use to support revenue expenditure.

5.5. Under section16(2)(b) of the 2003 Act the Secretary of State is empowered to issue directions providing that expenditure of local authorities shall be treated as capital expenditure for the purpose of Part 1 of the 2003 Act. Where such a direction is made the expenditure specified in the Direction is from that point on capital expenditure which can be met from capital receipts under the Regulations.

Process

5.6. For each financial year, a local authority should ensure it prepares and publishes at least one Flexible use of Capital Receipts Strategy prior to exercising the flexibilities allowed. The strategy must be presented to full Council, and this can be part of the annual budget setting documents.

5.7. Ideally, the strategy will be prepared before the start of any financial year. Where the need or opportunity has not been anticipated, the strategy can be presented to full Council at the earliest opportunity.

5.8. Examples of projects which generate qualifying expenditure include:

- Sharing back office services
- Service reform pilot schemes
- Service reconfiguration, restructuring or rationalisation
- Driving a digital approach to the delivery

- Aggregating procurement
- Setting up commercial or alternative delivery models
- Integrating public facing services across two or more public sector bodies

Strategy content

5.9. As a minimum, the Strategy should list each project that plans to make use of the capital receipts flexibility and that on a project by project basis details of the expected savings/service transformation are provided.

5.10. The Strategy should report the impact on the local authority's Prudential Indicators for the forthcoming year and subsequent years.

5.11. Each future year's Strategy should contain details on projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised in line with the initial analysis.

Strategy for the flexible use of capital receipts

5.12. As stated in section 4 above, the value and timing of capital receipts is hard to predict and is not known at this stage. In order to support the revenue budget, the first £2m of capital receipts in 2021-22 and £2m pa thereafter will be applied directly to the repayment of debt, subject to a proportion of capital receipts from the sale of farm land being ring-fenced.

5.13. Additional capital receipts will be made available to fund transformation projects, including service restructuring and demand management:

- which are in accordance with Statutory Guidance on the Flexible Use of Capital Receipts (updated) issued by the DCLG, dated March 2016 and

- subject to scrutiny of proposals by the Executive Director of Finance and Commercial Services.

5.14. Any changes to this strategy will be reported through Cabinet.

Specific proposal for the flexible use of capital receipts

5.15. On 25 September 2017 Policy and Resources Committee considered a report entitled Demand Management & Prevention Strategy: Children's Services. This resulted in the allocation of £12-£15m into children's services over the four years 2018-22

5.16. The investment will fund a programme of transformational change, including investment in specialist, well supported alternatives to residential care, better 16+ provision, workforce training and development and better targeted interventions.

5.17. Subject to approval and availability, up to a maximum of £3m capital receipts per annum to 2021-22 will to be applied to transformation projects.

Impact on Prudential Indicators

5.18. By using capital receipts to fund this proposal, there is an opportunity cost of not being able to use the capital receipt for other purposes which could be the direct repayment of debt, or to fund capital expenditure (avoiding the need to borrow).

5.19. Assuming £3m of capital receipts are used to fund transformation projects:

Prudential indicator – impact of using £3m flexibly:	**-compared with using capital receipts for the direct re-payment of debt**	**-compared with using capital to fund capital expenditure**
Capital expenditure payment forecast	Expense classed as capital expenditure increases by £3m.	No impact
Ratio of Capital Financing Costs to Net Revenue Stream	No impact	Interest payable + MRP increases approx. £0.26m pa. Ratio increase 0.03%.
Capital Financing Requirement	No impact	CFR increases by £3m
Authorised Limit for External Debt	No impact	Authorised Limit increases by £3.2m
Operational Boundary Limit for External Debt	No impact	Operational Boundary increases by £3.0m

5.20. From 2016-17 the Council has applied available capital receipts directly to the repayment of debt. Receipts not needed for this purpose are now carried forward to repay future debt instalments. As a result, in the medium term, the flexible use will not have a limited impact on the majority of prudential indicators

5.21. Reducing the capital receipts available for the future repayment of debt would have a direct impact on future revenue budgets if the MTFS long term aim of generating £3m pa of available capital receipts for transformation cannot be met.

6. Revenue Impact of the Proposed Capital Programme

6.1. Where the Council uses borrowing to support the capital programme, it must set aside revenue funds on an annual basis to repay the capital borrowed. This is required by statute and is known as Minimum Revenue Provision (MRP). The revenue impact of MRP depends on the expected life of the underlying asset.

6.2. In addition to MRP, the Council will need to fund any additional interest costs through future revenue budgets. The Council has the capacity to borrow from the Public Works Loan Board with interest rates currently in the region of 3%.

6.3. The table below is an estimate of the maximum incremental revenue impact of proposed new schemes before savings expected to be generated from direct revenue savings, transformation and other related spend to save schemes.

Estimated incremental revenue costs of new capital schemes to be approved				
	2021-22	**2022-23**	**2023-24**	**2024-25**
Assumed interest rate	2%	2.5%	3.0%	3%
	£m	£m	£m	£m
Incremental impact				
Cumulative interest cost	0.287	1.065	1.898	2.102
MRP		2.692	5.095	7.417
Total	**0.287**	**3.757**	**6.993**	**9.519**

Note: interest costs assume mid-year spend

6.4. MRP and interest forecasts assume schemes delivered as set out in the programme. It is likely that a significant proportion of spend will be slipped into future years as schemes are developed and timing of expenditure becomes more certain.

6.5. The table above shows the incremental costs associated with new schemes, all other things being equal. It does not take into account the use of previously overpaid MRP which is reducing the charge to revenue in 2021-22.

6.6. The actual budgeted financing costs and percentage of the net revenue stream this represents by the revenue costs of borrowing is set out in the Treasury Management Strategy report to this committee.

Appendices

Appendix A: Capital strategy 2021-22

Appendix B: Capital bids prioritisation

Appendix C: Capital programme 2021-25 – existing schemes summary

Appendix D: New and extended capital schemes

Appendix A: Capital strategy 2021-22

Norfolk County Council

Capital strategy

2021-22

1 Capital Strategy Introduction

1.1 As local authorities become increasingly complex and diverse it is vital that those charged with governance understand the long-term context in which investment decisions are made and all the financial risks to which the authority is exposed. With local authorities having increasingly wide powers around commercialisation, more being subject to group arrangements and the increase in combined authority arrangements it is no longer sufficient to consider only the individual local authority but also the residual risks and liabilities to which it is subject.

1.2 The capital strategy is intended to give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

2 Purpose and aims of the Capital Strategy

2.1 The CIPFA Prudential Code for Capital Finance in Local Authorities (2017) states that authorities should have in place a capital strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

2.2 The capital strategy is intended to:

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

2.3 The development of a capital strategy allows flexibility to engage with full council to ensure that the overall strategy, governance procedures and risk appetite are fully understood by all elected members

2.4 In considering how stewardship, value for money, prudence, sustainability and affordability can be demonstrated local authorities should have regard to the following key areas:

- Capital expenditure
- Debt, borrowing and treasury management
- Commercial activity
- Other long-term liabilities
- Knowledge and skills.

The Executive Director of Finance and Commercial Services has considered the affordability and risk associated with the capital strategy and where appropriate has taken specialised advice.

3 County Council Strategy and transformation

As a Council, our approach to all work is guided by four key principles:

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

A vision for Norfolk in 2021, “Caring for our County”, outlines the Council’s commitment to meet the wide range of challenges the Council faces, with a focus on:

- Good Growth: Building communities we can be proud of;
- Making the most of our beautiful County;
- Starting a new relationship with Norfolk families;
- Investing in children and families; and
- Helping our population remain independent, resilient and well.

Together for Norfolk is the County Council's business plan for 2019-2025. It outlines our commitment to invest in Norfolk’s future growth and prosperity by:

- Focusing on inclusive growth and improved social mobility;
- Encouraging housing, infrastructure, jobs and business growth across the County;
- Developing our workforce to meet the needs of the sectors powering our local economy;
- Work to reduce our impact on the environment.

This way we can help Norfolk have a growing economy, full of thriving people living in strong communities we are proud of.

Our services support our ambitions by ensuring children and young people have the best start in life, protecting vulnerable people, developing strong infrastructure, maintaining a safe road system and helping improve the economy. The Council’s transformation programme, Norfolk Futures, provides the mechanism to realise these ambitions for the County across all of its activities.

We currently have four priorities to help us to deliver the strategy:

1. Safer children and resilient families;
2. Promoting independence for vulnerable adults;
3. Local service strategy;
4. Smarter working.

The Covid-19 pandemic has accelerated changes in the way we work to best use new systems and technology. As an organisation, we will be more flexible about when and where we work, and how we creatively use space and technology to find new and more efficient ways of doing things in a safe, modern and business-like way.

4 Capital expenditure

4.1 Governance process for approval and monitoring of capital expenditure

The Council's capital programme is approved as part of the budget setting process. Prior to the start of each financial year, usually in February, the County Council agrees a future three or four-year capital programme including a list of projects with profiled costs and funding sources.

At the year-end unspent capital funding on incomplete projects is carried forward to the following year as part of the closedown process and reported to the Council's Cabinet, with any changes to the budget approved by County Council. New schemes added during the year which require prudential borrowing are also approved by County Council based on recommendations from Cabinet. Where additional external funding is received by on-going capital projects, this is added to the programme and noted by Cabinet on a monthly basis.

An outturn report each year gives details of actual expenditure and funding.

4.2 Policies on capitalisation

4.2.1 Property, Plant and Equipment

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. The de-minimis level for property, plant and equipment is £40,000.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

4.2.2 Heritage Assets

Heritage Assets are assets which increase the knowledge, understanding and appreciation of the local area and its history. The recognition of Heritage Assets is consistent with the Council's Property, Plant and Equipment policy, including the £40,000 de-minimis.

Apart from Heritage Assets previously accounted for as Community Assets, Heritage Assets acquired before 1 April 2010 have not been capitalised, since reliable estimates of cost or value are not available on a cost-effective basis.

4.2.3 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

4.3 Long-term view of capital expenditure plans

4.3.1 The Council's Service areas consider their capital expenditure plans in the context of long-term service delivery priorities and the Council's vision and plan. Historically, larger government capital grants development and capital maintenance of highways and schools have formed the basis of an affordable capital programme. This is supplemented by other funding sources, specific grants, and prudential borrowing. Long term capital planning includes the following major capital programmes:

4.3.2 **Adult Social Services - Living Well – Homes for Norfolk**: capital investment of up to £29m over 10 years has been approved to accelerate the development of extra care housing in Norfolk, with the aim of reducing unnecessary residential care admissions. Each individual scheme will be subject to a rigorous feasibility and financial assessment. Over a 10-year period it is estimated that the total programme could require between £17m and £29m depending on progress and grant subsidy levels.

4.3.3 **Transport and infrastructure** – In September 2020, the Secretary of State for Transport approved a Development Consent Order application to construct, operate and maintain the Great Yarmouth Third River Crossing and its approaches. Prior to this the Council secured £98m DfT funding towards the £120m anticipated cost. Subject to government approval of a final business case for the project, construction is scheduled to begin in early 2021 with the bridge open for use in early 2023.

Officers are developing strategic schemes (with partners where applicable) which may attract funding. Examples of schemes being taken forward are:

- Norwich Western Link – this project has conditional entry into DfT's 'Large Local Majors' funding programme
- A47 improvements (Highways England has committed £300m to improve the A47 with work set to begin in 2020)
- Long Stratton bypass - following £0.5m funding from the DfT an outline business case is being prepared with a view to securing funding.

As well as smaller road projects, the Norfolk Strategy Infrastructure Delivery Plan covers other infrastructure aspirations including Superfast Broadband, rail, utilities and sustainable walking and cycling infrastructure projects.

4.3.4 **Children's Services**:

SEND provision: As part of the transformation of Special Educational Needs and Disability (SEND) provision in Norfolk, the Council has allocated £120m to create 500 extra specialist school places. As well as new and extended specialist units in mainstream schools, the programme is due to deliver four new specialist schools including:

- a new school in Great Yarmouth for young people with social, emotional and mental health (SEMH) needs;
- a 170 place complex needs school in the greater Norwich area; and
- a new school for children and young people with autism in the Fakenham area.

Schools: The Council has a duty to secure sufficient pupil places to meet the demands of the school-age population. Government capital grants, along with funding from other sources such as developer contributions are used to support the Council's strategic plans for the provision of additional places in areas of population growth, and for improving the quality of existing Council-maintained school buildings. To ensure the programme can deliver the required places, the Council has agreed to underwrite £30m of capital expenditure on the basis that grants and other funding will be used where possible.

4.3.5 **Trading through companies / capital loans**

The Council controls a number of wholly owned companies and has made loans for capital purposes available to Hethel Innovation Ltd, Repton Property Developments Limited, and companies within the Norse Group. In addition to loans to group companies, the Council has made a small number of capital loans to local housing developers.

These loans are approved as part of the capital programme, and are for capital purposes. Records are maintained to ensure that the loans are not disproportionate in terms of either the overall capital programme, or the Council's net and gross expenditure. Loans are subject to due diligence, and relate to the Council's powers to trade, or to assist third parties who are helping to further the Council's priorities, including housing and economic development.

4.3.6 Capital project prioritisation

4.3.6.1 The Council has to manage demands for investment within the financial constraints which result from:

- The limited availability of capital grants
- The potential impact on revenue budgets of additional borrowing and
- The level of capital receipts generated.

As a result, prioritisation criteria have been developed to assess any capital bids that ensure the Programme is targeted to Council priorities.

4.3.6.2 Capital bids that require support must be supported by a Business Case that demonstrates

- Purpose and Nature of scheme
- Contribution to Council's priorities & service objectives
- Other corporate/political/legal issues
- Options for addressing the problem/need
- Risks, risk mitigation, uncertainties & sensitivities
- Financial summary including amounts, funding and timing

4.3.6.3 The corporate capital prioritisation model was first used for the 2015-16 capital programme and operates at a programme level, with most schemes prioritised at a more detailed level within the major capital programme areas of transport and schools. Prioritisation criteria are reviewed annually to ensure they continue to reflect the changing needs and priorities of the Council.

4.3.6.4 Schemes are considered within the appropriate service to ensure that the capital programme integrates with business and service planning, with revenue implications taken into account. Highways schemes are prioritised within CES. Schools schemes are prioritised through the Children's Services Capital Priorities Group. The majority of non-school property schemes are administered by the Council's Corporate Property team. Other schemes not covered by the major headings above are developed by the relevant chief officer, and where corporate funding is required are considered by the Executive Director of Finance and Commercial Services, who considers the overall affordability of the programme.

4.3.6.5 The Council's capital programme is formed by bringing the various capital programmes together, and ensuing that sufficient funding is available before seeking Council approval.

4.3.6.6 For schemes with no funding source, a benchmark has been applied, being the score for a dummy project of simply re-paying debt. Even for fully funded schemes, the scoring checks that revenue implications are considered, and the project contributes to the Council's objectives.

4.3.6.7 Although the prioritisation model has been broadly applied, it is primarily applicable to new projects and projects requiring the use of borrowing and/or capital receipts to provide funding.

4.4 Overview of asset management planning

4.4.1 Asset management planning

The majority of asset management planning falls under three major areas of capital spend: highways, schools, and corporate property.

4.4.1.1 Highways

As the highways authority for Norfolk, the Council has a responsibility to maintain, operate and improve its highway assets (eg roads and bridges). The landscape is one of increasing financial pressure, significant backlogs of maintenance, accountability to funding providers and increasing public expectations.

The Council's Transport Asset Management Plan identifies the optimal allocation of resources for the management, operation, preservation and enhancement of the highway infrastructure. This plan is developed in the context of longer-term local transport plans such as "Connecting Norfolk: Norfolk's Transport Plan for 2026" and Norfolk Strategic Infrastructure Delivery plans. Norfolk's Transport asset management plan 2021-20 – 2024-25 can be found at:

https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/policy-performance-and-partnerships/policies-and-strategies/roads-and-transport/transport-asset-management-plan-full-document.pdf.

4.4.1.2 Schools

Each year the Council rolls forward its approved schools' capital building programme, making revisions to the existing programme and adding new schemes to reflect pressures and priorities.

The member led Children's Services Capital Priorities Group monitors the progress of the capital programme and considers in detail projects of concern, based on a regular risk assessment.

The impact of housing developments on both funding and demand for new and expanded school provision was set out in a Schools Capital Programme report to October 2020 Cabinet which agreed to make borrowing of £30m available to underwrite the programme.

4.4.1.3 Corporate Property

The Council's Corporate Property Team has responsibility for property and asset management, supported by the Corporate Property Strategy Group.

The Council's Strategic Property Asset Management Framework will set out a plan for property management. The framework will build on the latest published Corporate Asset Management Plan 2016-2019 "One Public Service – One Public Estate" which identifies the key strategic policy and resource influences affecting Norfolk and the Council. The plan can be found at:

https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/policy-performance-and-partnerships/policies-and-strategies/finance-and-budget/corporate-asset-management-plan-2016-to-2019.pdf.

4.4.1.4 Capital Programme Quarterly Review Board

A new Capital Programme Quarterly Review Board has been established to co-ordinate and provide oversight of the Council's overall capital programme. It is led by the Cabinet Member for Finance and attended by officer representatives from each major service. The board provides a forum to discuss, co-ordinate and, if necessary, prioritise new schemes to be added to the programme, as well as on-going schemes.

4.4.2 Capital Funding Sources

There are a variety of different sources of capital funding, each having different advantages, opportunity costs and risks attached.

4.4.2.1 Borrowing

The Prudential Capital Finance system allows local authorities to borrow for capital expenditure without Government consent, provided it is affordable taking into account prudent treasury management practice.

As a guide, based on recent long term rates, borrowing incurs a revenue cost of approximately 7%. This is made up of two parts: the interest on the loan (maximum 3% assumed), and provision for the repayment of debt (known as the Minimum Revenue Provision or MRP) which for an asset with a life of 25 years is 4% per annum. The Council needs to be satisfied that it can afford this annual future revenue cost.

Local Authorities have to earmark sufficient revenue budget each year as provision for repaying debts incurred on capital projects, in accordance with its MRP policy.

4.4.2.2 Grants

The challenging financial environment means that national government grants are reducing or changing in nature. A large proportion of this funding is currently un-ringfenced which means it is not tied to particular projects. However, capital grants are allocated by Government departments which clearly intend that the grants should be certain area such as education or highways. Sometimes, for major projects such as the Great Yarmouth Third River Crossing, grant funding is not sufficient to meet total costs, and other sources of funding will be sought to fund the gap.

4.4.2.3 Capital Receipts

Capital receipts are estimated and are based upon the likely sales of assets as identified under the Asset Management Plan. These include development sites, former school sites and other properties and land no longer needed for operational purposes. Receipts are critical to delivering our revenue budgets through the direct repayment of debt and, where allowed, the flexible use of capital receipts. Receipts not used for that purpose can be used to reduce future borrowing requirements.

4.4.2.4 Revenue / Other Contributions

The Prudential Code allows for the use of additional revenue resources within agreed parameters. Contributions are received from other organisations to support the delivery of schemes with the main area being within the education programme with contributions made by individual schools and by developers.

4.4.3 Capital Programme overview

4.4.3.1 The Capital Programme should support the overall objectives of the Council and act as an enabler for transformation in order to address its priorities.

4.4.3.2 Over the last three years Norfolk County Council's capital expenditure has been as follows:

Financial year	2017-18	2018-19	2019-20
	£m	£m	
Capital expenditure	225.9	158.5	185.6

Capital expenditure was significantly higher than usual in 2017-18 due to the construction of the £205m Broadland Northway (Norwich NDR) and is projected to be between £210m and £220m in 2020-21.

The Council's 2019-20 capital programme was split by funding type as follows:

Funding type	£m	%
Capital grants and contributions	125.9	68
Revenue and reserves	-	
Capital receipts applied	-	
Borrowing	59.7	32
Total	**185.6**	**100**

4.4.4 Costs of past and current expenditure funded through borrowing

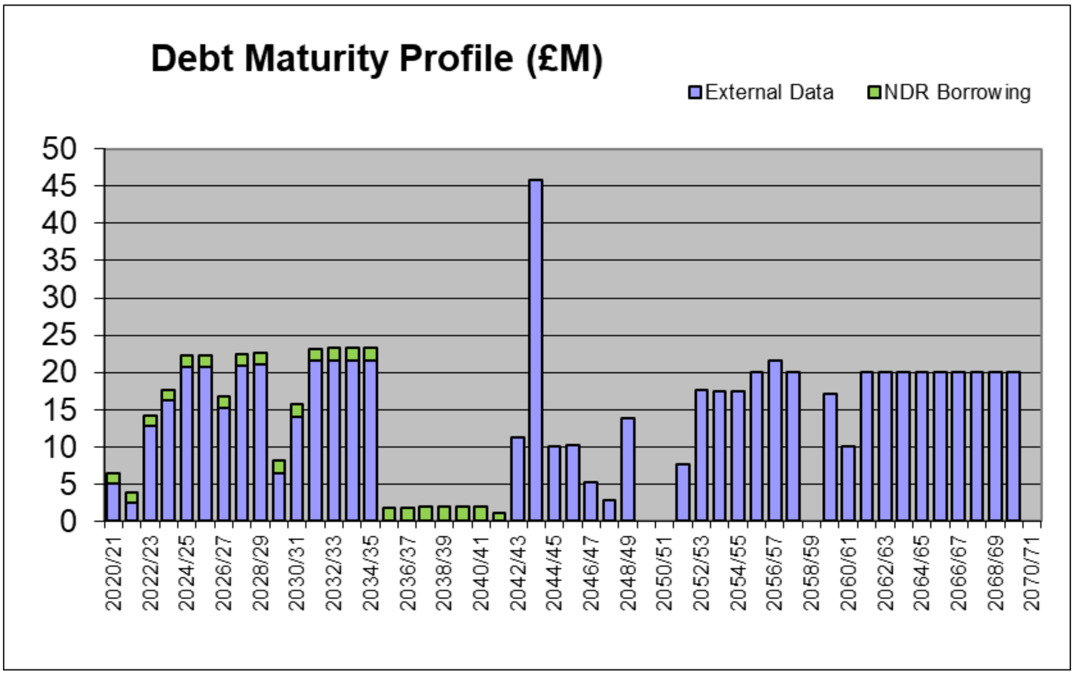
4.4.4.1 Actual borrowing and borrowing requirement

	£m
Borrowing b/fwd 1 April 2020	706
New Borrowing April – November 2020	-
Principal repayments 2020-21 – PWLB loans	-6
Forecast additional borrowing 2020-21	80
Forecast borrowing 31 March 2021	**780**
Other long-term liabilities (PFI + leases) 31 March 2021	40
Forecast borrowing and long-term liabilities 31 March 2021	**820**
Capital financing requirement 1 April 2020	**828**
Borrowing requirement after assumed slippage	72
MRP	-10
Forecast capital financing requirement 31 March 2021	**890**
Forecast borrowing requirement 31 March 2021	**70**

(Note: forecasts as at 30 December 2020)

4.4.4.2 Repayment profile of borrowing

The Council borrows in order to fund capital expenditure. This chart shows the repayment profile of borrowing undertaken as at the end of September 2020:



Due to the setting aside of an annual minimum revenue provision (see below), the charge to annual revenue budgets is based on notional borrowing and asset lives, rather than the actual maturities shown in the graph above.

The unusually high repayment due in 2043-44 includes £20m of commercial borrowing. The Council, with its treasury advisors, will consider re-financing options as and when they are offered which may smooth the repayment profile.

4.4.4.3 Interest and MRP costs

This table shows the cost of interest on borrowing and MRP budgeted for 2020-21. MRP (minimum revenue provision) is the amount the Council sets aside each year from revenue in order to service the repayment of debt, and is based on the cost and estimated life of assets funded through supported borrowing to 2008 and prudential borrowing thereafter.

Borrowing revenue costs (as at November 2020)	**£m**
Forecast external loans interest costs 2020-21	30.0
Calculated MRP 2020-21	27.4
Theoretical revenue costs of borrowing	**57.4**
Use of capital receipts	-2.0
Use of external contributions	-1.3
Reduction due to previous overpayments of MRP (temporary adjustment)	-15.2
Annual revenue costs of borrowing 2020-21	**38.9**

Additional borrowing will increase the cost of interest. The current low interest rates (confirmed following a government review of PWLB lending) compared with the higher rates of borrowing on repaid debt is assisting with the funding of new borrowing costs.

The reduction due to previous overpayments of MRP is likely to be fully used 2020-21. Thereafter, full MRP is accounted for in the MTFS, and all additional debt-funded capital expenditure will increase annual MRP.

4.4.5 Maintenance requirements

Services include the revenue costs of maintenance in their revenue budgets, including the costs and savings relating to capital investment.

4.4.6 Planned disposals

The Council actively manages its property portfolio in accordance with the adopted Asset Management Plan. Property is acquired or disposed of as a reaction to changing service requirements, changing council policies or to improve the efficiency of the overall portfolio.

Assessments are carried out by the Corporate Property Officer (the Head of Property) in consultation with the Corporate Property Strategy Group (CPSG) with decisions taken through Cabinet in accordance with Standing Orders. The Corporate Property Officer reviews options for maximising income from surplus properties usually by open market sale. External advice, for example valuation and/or planning, is taken where appropriate.

4.5 Restrictions around borrowing or funding of ongoing capital finance

Apart from the general requirements on local authorities to ensure that their borrowing is prudent and sustainable, there are no specific external restrictions around the Council's borrowing or funding of ongoing capital finance.

5 Debt, borrowing and treasury management

5.1 Projection of external debt and use of internal borrowing

The Council uses external debt and internal borrowing (from working capital cash balances) to support capital expenditure. As shown above there will be a forecast borrowing requirement at 31 March 2021 of £97m.

Except in the case of specific externally financed projects (such as the Great Yarmouth 3rd River Crossing), new borrowing is applied to the funding of previous capital expenditure, effectively replacing cash balances which have been used on a temporary basis to avoid the cost of 'carrying' debt in the short term. The Council continues to use cash balances for this purpose and will continue to balance the long-term advantages of locking into favourable interest rates against the costs of additional debt.

Based on the capital programme, an allowance for slippage, forecast interest rates and cash balances, new borrowing of £60m in 2021-22 and £60m 2022-23 is anticipated.

Assuming outstanding borrowing of approximately £1bn with a maximum life of 50 years, and annual MRP exceeding £20m pa from 2021-22, a factor in any borrowing decision will be to smooth out the repayment profile such that new borrowing does not cause debt maturing in any one year to exceed £25m, except 2042-43 which for historic reasons includes a large repayment of commercial and PWLB debt.

5.2 Provision for the repayment of debt over the life of the underlying debt

Provision for the repayment of debt over the life of the underlying debt is made through the setting aside of the minimum revenue provision each year. Based on an assumption of between £55m and £70m capital expenditure funded by borrowing each year (in line with an ambitious but realistic capital spend), with assets having an average estimated life of 25 years, forecast provision at the time of writing for the repayment of debt is as follows:

Financial year	MRP	MRP over-payment reduction	Net MRP forecast (Note 1)
	£m	£m	£m
2020-21	27.5	15.1	12.4
2021-22	30.1	-	30.1
2022-23	32.3	-	32.3
2023-24	34.5		34.5

Note 1: impact on revenue budget will be reduced by the use of capital receipts to repay debt, and external contributions to debt repayment.
Note 2: the estimate of annual expenditure is based on the approved capital programme, adjusted for re-profiling based on historic patterns of spend.

5.3 Authorised limit and operational boundary for the following year

The Council's authorised borrowing limit and operational boundary for 2021-22 will be based on the approved capital programme at the time of budget setting.

5.4 Approach to treasury management

The Council's approach to treasury management including processes, due diligence and defining the authority's risk appetite will be set out in the annual Investment and Treasury Strategy, approved annually by the County Council.

6 Commercial activity

Together for Norfolk, the County Council's business plan for 2019-2025, outlines the Council's commitment to invest in Norfolk's future growth and prosperity by encouraging housing, infrastructure, jobs and business growth across the County.

Elements of the capital programme are focussed on these commitments through the provision of capital loan facilities to the council's wholly owned companies.

The Council's capital investments are policy driven. It has no capital or property investments which are held 1) purely to generate a return or 2) out of County.

Non-treasury investments, including loans to companies, and investment properties as defined for statutory accounting purposes, are listed in detail in regular Treasury Management reports.

7 Other long-term liabilities

7.1 The Council's other long-term liabilities comprise PFI liabilities (six schools in the Norwich area, and street lighting throughout Norfolk) and lease liabilities (for example vehicles and ICT equipment).

7.2 The PFI arrangements continue to be monitored to ensure performance is in accordance with contract requirements. All PFI arrangements are subject to member approval. No PFI arrangements are currently being pursued.

7.3 All leases are subject to general budgetary constraints, with service departments taking budget responsibility for the length of the lease. Finance leases are arranged through Link Asset Management, the Council's treasury management advisors. From 2021-22, the International Financial Reporting Standard will require more arrangements to be accounted for in the same way as finance leases, including arrangements currently classed as operating leases, as well as service contracts where the Council controls the use of specific assets.

7.4 As set out in the Council's annual Statement of Accounts the Council has historically given several financial guarantees for project funding. Since 2008 financial guarantees have to be accounted for as a financial instrument – there are no such guarantees material to the accounts. Any capital guarantees and contingent liabilities are costed and approved as part of the annual capital programme.

8 Knowledge and skills

8.1 The Council has a number of specialist teams delivering the capital programme, including schools, transport and the Corporate Property Team.

8.2 These teams are supplemented by professional external advisors as necessary, including Norfolk Property Services, professional highways consultants, and external valuers.

8.3 The Capital Programme is kept under continual review during the year. Each scheme is allocated a project officer whose responsibility is to ensure the project is delivered on time, within budget and achieves the desired outcomes.

8.4 Capital finance monitoring reports are prepared monthly, and presented to Cabinet. New schemes are approved by Cabinet and then County Council. Various Project Boards, specialist teams of officers, and member-lead Working Groups, such as the Children's Services Capital Priorities Group, oversee the co-ordination and management of significant elements of the Capital Programmes.

Appendix B: Capital bids prioritisation model

The three main objectives in compiling an affordable capital programme are:

- to provide an ambitious and deliverable programme
- to minimise unaffordable revenue costs, mainly by avoiding unsupported expenditure.

Funding for capital schemes comes from a variety of sources. Significant capital grants are received annually from the departments for Transport and Education, in the expectation that they will be spend on maintaining and improving the schools and highways estates. Other funding, often relating to specific projects, comes from a variety of sources. Capital receipts can be used to fund capital expenditure, but where there are no unallocated capital receipts borrowing is necessary.

In developing the capital programme, the following are taken into account:

1. Existing schemes and funding sources: a large part of the capital programme relates to schemes started in previous years or where funding has been received in previous years and will be carried forward.

2. Additional capital schemes approved during the year.

3. Prioritising new and on-going schemes on a Council-wide basis to ensure the best outcomes for residents.

4. If a limit has to be applied to the amount of funding available in any year, the model may have to be developed to categorise schemes, for example into those that are Essential, Priority (short term), Priority (longer term) and Desirable, and to limit spend on scalable projects or programmes funded through prudential borrowing.

5. The prioritisation process gives a high weighting to schemes which have funding secured. Where non-ringfenced capital grants are received there is a working assumption that they will be allocated to their natural home: for example DfT grants to highways, DfE grants to the schools capital programme.

6. Where a scheme does not have a funding source, priority is given to schemes which can provide their own funding. Where revenue or reserves cannot be identified, then it may be possible to identify future revenue savings or income streams which can be used to re-pay borrowing costs;

7. If there are unallocated capital receipts, these will be used to provide funding for higher priority unfunded schemes, or short life schemes where this gives a favourable MRP position.

The capital project marking guide is based on the suggestions made in previous years. Although the prioritisation model has been broadly applied, it is primarily applicable to new projects and projects requiring the use of borrowing and/or capital receipts to provide funding.

Capital programme 2021-25 – prioritisation scores

	Stat or Regulatory duty	CC Priorities	Cross-service Working	Impact on Council borrowing	Leverage Value	Flexibility and Scalability	Avoidance of risk to service delivery	**Total Score**
	1	**2**	**3**	**4**	**5**	**6**	**7**	
Weighting	**10**	**20**	**10**	**25**	**15**	**10**	**10**	**100**
Scheme type / category	Score	Score	Score	Score	Score	Score	Score	
Highways Capital Improvements	3	5	2	5	5	2	5	84
Highways Structural Maintenance	4	4	2	5	2	2	5	73
Highways other DfT grant funded works	4	4	2	5	2	2	5	73
Temporary Classrooms	4	4	1	5	0	3	5	67
Major highways schemes - majority grant funded	3	5	3	2	4	1	5	66
Schools Capital Maintenance	3	4	1	5	0	3	5	65
Living Well - Homes for Norfolk	4	5	3	2	1	5	4	65
Children's homes/residential premises	4	5	1	3	1	4	4	64
Better Broadband for Norfolk	0	5	3	4	4	0	3	64
School Basic Need	4	4	1	5	0	3	3	63
Delivery of CS Sufficiency Strategy	5	3	3	4	0	3	4	62
Highway investment (mainly borrowing)	3	5	2	3	1	2	5	62
Fire training faciltities	3	4	3	3	3	2	3	62
Norfolk One Public Estate programme	3	2	4	1	5	5	2	56
Server infrastructure / ICT critical infrastructure	2	2	3	3	2	3	5	55
Historic buildings maintenance (museums/windmills)	4	4	3	2	0	4	3	54
Technology (transformation)	2	2	3	3	2	4	3	53
Fire appliances/equipment	4	4	0	3	0	2	5	53
Scottow Enterprise Park capital	0	5	4	2	0	3	3	50
Norse and other NCC subsidiaries; loan facility	0	1	1	4	3	5	2	49
Norwich Castle Keep development (non-grant element)	2	4	1	1	5	2	1	48
Farm property capital maintenance	2	1	0	5	0	3	4	47
Community - Equipment and Assistive Technology	3	3	0	3	0	2	5	47
Corporate offices capital maintenance	2	2	5	1	0	5	4	45
Licencing and generic ICT capital improvements	2	2	1	3	2	4	1	45
Fire Property Maintenance	2	2	5	1	0	5	4	45
Contribut8ion to replacement library schemes	4	2	2	1	5	1	1	44
Social Infrastructure Fund / Environment match funding	0	3	2	0	5	4	0	39
Replacement HWRCs	3	4	0	1	0	1	5	39
County Hall remodelling	0	2	3	3	0	3	2	39
Wensum Lodge development	0	4	1	2	0	2	3	38
GRT – site Improvements	4	2	3	0	1	2	4	37
Replacement non-critical ICT	0	2	2	3	0	2	3	37
Great Yarmough O&M campus - contribution	1	4	3	0	3	1	1	37
Environment - Greenways	2	1	1	3	0	3	3	37
On Street Parking	3	0	0	3	1	3	3	36
Managing Asbestos Exposure	5	1	1	0	0	5	5	36
Repay Debt (Dummy reference bid)	**0**	**0**	**0**	**5**	**0**	**5**	**0**	**35**

The prioritisation scores above are based on scores given to scheme in previous years. Schemes in Appendix D below relate to one or more of the schemes above and exceed the minimum (dummy) reference bid.

Appendix C: Capital programme 2021-25 – existing schemes £m

(Table on following page)

	Period	Fund type									
	2021-22		2021-22 Total	2022-23		2022-23 Total	2023-24	2023-24 Total	2024-25	2024-25 Total	Grand Total
Service/project	NCC Borrowing and Capital Receipts	Grant and Contributions		NCC Borrowing and Capital Receipts	Grant and Contributions		NCC Borrowing and Capital Receipts		NCC Borrowing and Capital Receipts		£m
Living Well - Homes for Norf	3.000	-	3.000	6.000	-	6.000	6.000	6.000	13.681	13.681	28.681
Social Care Information System	0.732	-	0.732	-	-	-	-	-	-	-	0.732
Care Act implementation	0.349	0.086	0.436	0.349	0.086	0.436	-	-	-	-	0.871
Social Care unallocated	7.040	-	7.040	-	-	-	-	-	-	-	7.040
Disabled Facilities Grant	-	0.068	0.068	-	-	-	-	-	-	-	0.068
Winterbourne Project	-	0.050	0.050	-	-	-	-	-	-	-	0.050
Adult Social Care Total	**11.121**	**0.204**	**11.325**	**6.349**	**0.086**	**6.436**	**6.000**	**6.000**	**13.681**	**13.681**	**37.442**
Children's Services	37.849	42.276	80.125	12.461	20.059	32.519	-	-	-	-	112.644
SEND Transformation	17.555	-	17.555	53.959	-	53.959	-	-	-	-	71.514
SEND Transformation - Phase 2	-	-	-	20.000	-	20.000	-	-	-	-	20.000
Children's Services Total	**55.404**	**42.276**	**97.680**	**86.419**	**20.059**	**106.478**	**-**	**-**	**-**	**-**	**204.158**
Wensum Lodge Development	1.239	-	1.239	-	-	-	-	-	-	-	1.239
Next Generation Access Broadband	5.000	1.940	6.940	-	-	-	-	-	-	-	6.940
Ec Development incl Scottow	8.000	0.006	8.006	-	-	-	-	-	-	-	8.006
ETD Other	1.705	-	1.705	0.350	-	0.350	-	-	-	-	2.055
ETD Waste	7.500	-	7.500	-	-	-	-	-	-	-	7.500
Fire	1.278	0.019	1.297	0.150	-	0.150	-	-	-	-	1.447
Fire vehicle replacement program.	4.499	-	4.499	-	-	-	-	-	-	-	4.499
Highways	10.409	-	10.409	17.100	-	17.100	-	-	-	-	27.509
Gt Yarmouth 3rd River	-	41.837	41.837	-	16.280	16.280	-	-	-	-	58.117
Libraries	1.267	0.768	2.035	-	0.006	0.006	-	-	-	-	2.041
Museum Castle Keep	3.200	4.738	7.938	1.250	2.033	3.283	-	-	-	-	11.221
Museum	0.007	-	0.007	-	-	-	-	-	-	-	0.007
Community & Environmental Services Total	**44.103**	**49.307**	**93.411**	**18.850**	**18.318**	**37.168**	**-**	**-**	**-**	**-**	**130.579**
Repton Loan	5.000	-	5.000	-	-	-	-	-	-	-	5.000
Capital Loans Facility	5.707	-	5.707	4.000	-	4.000	4.000	4.000	2.000	2.000	15.707
Finance	0.300	-	0.300	0.300	-	0.300	-	-	-	-	0.600
County Farms	2.495	-	2.495	0.600	-	0.600	-	-	-	-	3.095
Finance new HR and Finance Systems	7.727	-	7.727	1.235	-	1.235	-	-	-	-	8.962
Finance - Social Infrastructure Fund	1.000	-	1.000	1.000	-	1.000	-	-	-	-	2.000
Finance - ICT	0.942	0.183	1.125	0.238	-	0.238	-	-	-	-	1.363
CPT -Minor works	-	-	-	0.200	-	0.200	-	-	-	-	0.200
CPT -Minor works H&S	0.100	-	0.100	0.100	-	0.100	-	-	-	-	0.200
CPT Offices general	6.197	-	6.197	2.472	-	2.472	-	-	-	-	8.669
CPT - County Hall	12.632	-	12.632	-	-	-	-	-	-	-	12.632
CPT - Fire	0.807	-	0.807	-	-	-	-	-	-	-	0.807
CPT - Childrens Homes Refurbishment	2.000	-	2.000	0.877	-	0.877	-	-	-	-	2.877
CPT - Museums	0.350	-	0.350	0.150	-	0.150	-	-	-	-	0.500
Finance & Commercial Services Total	**45.258**	**0.183**	**45.441**	**11.172**	**-**	**11.172**	**4.000**	**4.000**	**2.000**	**2.000**	**62.613**
Nplaw IT System	0.050	-	0.050	0.350	-	0.350	-	-	-	-	0.400
Strategy and Governance Total	**0.050**	**-**	**0.050**	**0.350**	**-**	**0.350**	**-**	**-**	**-**	**-**	**0.400**
	155.936	**91.971**	**247.907**	**123.141**	**38.463**	**161.604**	**10.000**	**10.000**	**15.681**	**15.681**	**435.192**

Appendix D: New and extended capital schemes

Proposed new schemes added to the capital programme are listed below:

New capital project / programme	2021-22	2022-23	2023-24+	Additional information
Children's Services				
Three 6-8 place children's home establishments	0.500	1.000	3.500	As part of the SEND & AP Transformation Programme, Officers have identified a gap in provision which sits between education and social care for 38/52 week placements. This proposal is to create three 6-8 place children's home establishments, aligned with special schools in the County, with education places reserved within those schools. It is anticipated that the provision will reduce the need for out of County placements, enabling children to stay closer to families and help keep more families together.
Purchase of/investment in 4 properties to create 1 to 2 bedded children's residential homes	1.000	0.500	0.500	Investment in small residential and / or semi-independent in-house provision for children looked after to facilitate the agreed transformation strategy to reshape the market to better meet needs and improve outcomes, whilst reducing revenue costs. The first two properties will be semi-independent units, aligned with New Roads (previously known as No Wrong Door) hubs, that will contribute to the delivery of significant revenue savings.
Total Children's Services	**1.500**	**1.500**	**4.000**	
Adult Social Services				

ICES Community Equipment Capitalisation	2.700	2.500	2.500	Capitalisation of ICES community equipment where the asset life of more than one year, to contribute to revenue savings.
Capitalisation of Assistive Technology Equipment	0.500			Use of capital funding as an alternative to revenue funding for our Assistive Technology equipment purchases.
New supported housing development for younger adults		2.500	9.000	A supported housing programme to encourage and accelerate the delivery of supported and adapted/accessible housing. Scheme at very early stage of development.
Total Adult Social Services	**3.200**	**5.000**	**11.500**	
CES				
Culture and heritage				
Museums capital support for key care of buildings & collections	0.295	0.200	0.200	Capitalisation of internal costs for the capital maintenance of the Museums Buildings and collections
Norfolk Records Office capital maintenance	0.088	0.088	0.088	Capitalisation of internal costs for the capital maintenance of the NRO Buildings and collections
Environment - Greenways	0.495	0.495	0.495	Capitalisation of internal costs for the capital enhancement and capital maintenance of the environmental assets e.g. footpaths.
New focus on Natural Capital/25 Year Plan for the Environment	0.245	0.245	0.245	
Develop Gressenhall as Environmental Hub for Norfolk	0.169	0.169	0.169	
Develop Norfolk Record Office 2050 Vision	0.080	0.080	0.080	
Recharge of Planning Advice & Information service within Environment to relevant capital schemes	0.452	0.452	0.452	Capital support for the Planning and Environment Services to support the delivery of the County Council's major infrastructure projects.
Existing National and Norfolk Trails network	0.400	0.400	0.400	Capital maintenance to address significant wear, tear and damage, partly as a result of Covid with more walking for health and well-being and social distancing creating informal "passing places" .
Community Information and learning				

Libraries Book stock	0.800	1.000	1.000	
Remove Library Kiosk funding no longer required	(0.459)			Kiosk refurbishment project complete at lower cost than anticipated
Libraries relocation and capital maintenance	0.459			
Replacement library, Great Yarmouth		2.000		Proposed capital contribution towards a new library in Great Yarmouth dependent upon securing additional funding and planning
Replacement library, King's Lynn		2.000		Proposed capital contribution towards a new library in King's Lynn dependent upon securing additional funding and planning
Fire (for property see corporate property team)				
Swaffham Area office accommodation	0.040			
Sprowston - incorporating accessibility	0.250			
West Walton Car park	0.039			
Water Carriers	0.600			Hethersett / Fakenham replacement due to lack of parts
Technical Rescue vehicles	0.300			End of life vehicles and equipment replacement
Emergency response vehicles	0.100			Replace 10 emergency response vehicles in 2021/22 saving on lease costs.
Critical Equipment purchases			0.150	On-going critical equipment purchasing.
Fire and Rescue Service – fire training facilities	1.500			To fund improvement or enhancement to fire training facilities. As agreed by Cabinet in September, work is being carried out to develop collaborative opportunities and a detailed feasibility study of other necessary improvements to the wider training infrastructure. At this stage, the allocation is provisional and subject to business case.
Performance and Governance				
Capitalisation of Costs	0.260	0.260	0.260	Capitalisation of internal costs to support the Highways capital programme.
GRT sites	0.400			Essential capital maintenance

Highways				
Capitalisation of Costs	0.093	0.093	0.093	Capitalisation increase to take into account the mileage elements of increased programme
Long Stratton Bypass		6.732		CIL supported borrowing, as part of overall funding package for Long Stratton Bypass outline business case.
New weigh bridges	0.060			Purchasing and installation at 2 depot sites. Estimated cost per weigh bridge is £30,000
Highway inspection vehicles	0.120			Purchasing of 6 new highway inspection vehicles at the cost of £20,000 each
Weather station	0.025			Purchasing 1x new weather stations for winter service.
Local member Fund	0.336	0.840	0.840	Extension of local member highways capital fund
Ash dieback	0.500	0.500		Managing the busiest and most sensitive sections of highway and NCC's busiest sections of green infrastructure, through inspection and management of declining ash trees.
Flooding urgent capital maintenance	0.300			Additional funding for urgent capital repairs as a result of flooding
Waste services				
Replacement vehicles to transport waste from the Recycling Centre service	0.946			All equipment is essential for delivery of the service. Without a capital investment, equipment will need to be purchased by the contractor and written off over an agreed period with an additional cost to the revenue budget above current provision
Provision of new site equipment for Recycling Centres	0.696			This is the first phase of a programme of Recycling Centre equipment upgrades to offer an improved customer environment and compliance with the latest health and safety requirements. Future phases will follow in subsequent years.
Kings Lynn Transfer Station	0.250	1.225	1.225	Proposed scheme to improve / replace current facility and futureproof capacity for planned growth in West Norfolk.
Norwich North Recycling Centre	0.500			Provision for additional infrastructure requirements, allowing for drainage & ground conditions.

Growth and Development				
Great Yarmouth O&M	1.000			NCC preliminary capital contribution Operations and Maintenance (O&M) campus for offshore energy at the Port of Great Yarmouth
Total CES	**11.339**	**16.779**	**5.697**	
Finance and Commercial Services				
Corporate Property Team				
Corporate Property Team - Fire stations				
Fire general capital maintenance	0.080			Reactive & preventative capital maintenance works such as replacement appliance bay doors, plant replacement & major building repairs
Hethersett drill tower	0.110			Installation of a training tower facility at Hethersett Fire Station
Drill yard capital maintenance	1.784			Capital maintenance of drill yards at 11 fire stations, including re-surfacing, in order to provide a suitable & safe drill yard for training purposes.
Fire station kitchen replacements	0.042			Replacement kitchens at both Diamond Jubilee & Thetford Fire Stations including necessary upgrades of the power supplies, extraction systems & tiled splashbacks.
North Earlham Fire Station Air Conditioning	0.007			To replace portable units and address an issue included in the station’s health & safety quarterly inspection.
Damp roofing & tanking of basement at Diamond Jubilee Fire Station	0.035			Works include the tanking of the walls & floor, the installation of a laid to falls floor screed, pumping system & associated works.
Corporate Property Team - other operational property				
Accommodation rationalisation	1.500	1.500		Various accommodation related project in line with the asset management plan, designed to reduce and modify the estate in line with workplace requirements
Corporate Minor Works	0.450	0.350		Funding for capital Health and Safety and Equality Act related works

Corporate Property Team staff capitalisation	0.250	0.250		Capitalisation of staff costs where directly related to capital schemes, for example County Hall refurbishment and accommodation rationalisation programmes and refurbishments of Children's Homes
General property capital maintenance	1.020	0.750		Replacement of plant equipment and infrastructure that has reached the end of its useful life and remedial works to fix corrosion damage.
Museums property structural repairs	0.250			Structural repairs of property, including roofing and brickwork
Museums capital maintenance	0.075			Reactive & preventative capital maintenance works including plant replacement and building repairs and refurbishment
Gressenhall Rural Life Museum Capital Maintenance	0.060			Required works Gressenhall Rural Life Museum including reactive & preventative capital maintenance
South Wing health and safety works	4.400			Removal and replacement of cladding to the South Wing, currently representing a significant health and safety risk.
IMT				
ICT Critical Infrastructure Improvements	7.585	8.355	8.100	Investment critical to the continued exploitation of information management technology across all County Council services, to ensure that: • The County Council's core network, server and data storage infrastructure performs reliably and is secure. • End user devices (including the 7,000 laptops and 3,000 mobile phones) are refreshed on a periodic basis so they continue to perform well, meet the needs of the users and are cyber secure. • Technological platforms and systems are maintained and developed which support current service needs as well as enabling further cost saving self-service, process automation and better use of data.
Finance General				
Reduction in Local infrastructure Fund	(10.000)			Funding previously available to local developers, scheme now closed.

Repton Property Developments Limited	10.000	5.000		Additional capital loan to support Repton (wholly owned by Norfolk County Council) deliver housing developments in Norfolk.
Total Finance and Commercial Services	**17.648**	**16.205**	**8.100**	
Total new bids	**33.687**	**39.484**	**29.297**	***102.468***

Report to Scrutiny Committee

Item No. 8C

Report title:	**Annual Investment and Treasury Strategy 2021-22**
Date of meeting	**1 February 2021**
Responsible Cabinet Member	**Cllr Andrew Jamieson (Cabinet Member for Finance)**
Responsible Director	**Simon George (Executive Director of Finance and Commercial Services)**
Is this a key decision?	**No**

Introduction from Cabinet Member

It is a regulatory requirement for local authorities to produce an Investment and Treasury Strategy for the year ahead. The Strategy forms an important part of the overall management of the Council's financial affairs and details the criteria for choosing investment counterparties and managing the authority's underlying need to borrow for capital purposes.

Executive Summary

In accordance with regulatory requirements, this report presents the Council's borrowing and investment strategies for 2021-22.

Recommendations

Cabinet is asked to:

- **endorse and recommend to County Council the Annual Investment and Treasury Strategy for 2021-22 at Annex 1, including:**
  - **the capital prudential indicators included in the body of the report;**
  - **the Minimum Revenue Provision Statement 2021-22 at Appendix 1;**
  - **the list of approved counterparties at Appendix 4;**
  - **the treasury management prudential indicators detailed in Appendix 5.**

1. Background and Purpose

1.1. This Treasury Management Report forms an important part of the overall management of the Council's financial affairs. The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activity.

2. Proposals

2.1. The Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice for Treasury Management in the Public Services (the Code) requires local authorities to produce a treasury management strategy for the year ahead. The County Council is required to comply with the Code through regulations issued under the Local Government Act 2003 and has adopted specific clauses and policy statements from the Code as part of its Financial Regulations.

2.2. Complementary to the CIPFA Code is the Ministry for Housing, Communities and Local Government's (MHCLG's) Investment Guidance, which requires local authorities to produce an Annual Investment Strategy and an annual Capital Strategy.

2.3. This report combines the reporting requirements of both the CIPFA Code and MHCLG's Investment Guidance.

3. Impact of the Proposal

3.1. In accordance with regulatory requirements, this report presents the Council's borrowing and investment strategies for 2021-22.

3.2. Both borrowing and investment rates are forecast to remain historically low in the foreseeable future. A flexible approach to borrowing for capital purposes will be maintained which avoids the 'cost of carrying debt' in the short-term but which recognises the Council's need to borrow to fund capital expenditure in the medium and long term, and the advantages of borrowing at historically low interest rates.

3.3. The proposed investment strategy retains a diversified pool of high-quality counterparties with a maximum deposit duration of three years apart from property funds which, if used, would be part of a longer-term investment strategy. No new counterparties have been added to the list.

4. Evidence and Reasons for Decision

4.1. The primary objectives of the Council's Investment and Treasury Strategy are to safeguard the timely repayment of principal and interest, whilst ensuring adequate liquidity for cash flow and the generation of investment yield. A flexible approach to borrowing for capital purposes will be maintained both in terms of timing, and in terms of possible sources of borrowing including the Public Works Loans Board (PWLB) and the UK Municipal Bonds Agency (UKMBA). This strategy is prudent while investment returns are low and the investment environment remains challenging.

The Investment and Treasury Strategy summarises:

- the Council's capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (including parameters on how investments are to be managed.

5. Alternative Options

5.1. In order to achieve sound treasury management in accordance with the statutory and other guidance, no viable alternative options have been identified to the recommendation in this report.

6. Financial Implications

6.1. Long term borrowing rates remain historically low. On 26 November, PWLB rates were cut by 100 basis points for new loans, taking margins back to the competitive level they were before a 1% rise in early October 2019. To fund recent and future capital expenditure, officers will continue to work with the Council's treasury advisors to identify the most advantageous timing and sources of borrowing.

6.2. As part of the new arrangements, the PWLB will no longer lend to local authorities that plan to buy commercial assets primarily for yield. In particular, using PWLB borrowing to fund the purchase of property for investment purposes is prohibited. This is not likely to have a significant impact on the Council but will need to be taken into account when agreeing the capital programme.

6.3. At 31 December 2020, the Council's external debt was £700m. Due to uncertainties before the outcome of the PWLB consultation was known, no borrowing has been undertaken to date in 2020-21. To fund previous and committed capital expenditure an additional £80m borrowing is anticipated during the remainder of 2020-21, although the Council's cash balances will allow this to be slipped into the early part of 2021-22 if rates continue to be forecast to remain low.

6.4. During the period since 1 April 2020 the Bank of England base rate has remained unchanged at 0.1% and is not forecast to rise in the short term, so returns on cash balances are limited as the Council continues to put security and liquidity ahead of yield.

6.5. The MRP policy remains unchanged and is designed to ensure sufficient money is set aside to repay the Council's debt.

7. Resource Implications

7.1. There are no direct staff, property or IT implications arising from this report.

8. Other Implications

8.1. **Legal Implications:**
In order to fulfil obligations placed on chief finance officers by section 114 of the Local Government Finance Act 1988, the Executive Director of Finance and Commercial Services continually monitors financial forecasts and outcomes to ensure resources (including sums borrowed) are available to meet annual expenditure.

8.2. **Equality Impact Assessment**
Treasury management activities take place to manage the cash-flows relating to the Council's revenue and capital budgets. A public consultation process on the 2021-22 Budget has been undertaken. As in previous years, this public consultation has informed an equality impact assessment in respect of both new

2021-22 Budget proposals and the Council's Budget as a whole. In addition, councillors have considered the impact of proposals on rural areas.

9. Risk Implications/Assessment

9.1. The investment and borrowing strategy presented in this report for approval forms an important part of the overall financial management of the Council's affairs. The strategy has been produced in accordance with best practice and guidance and in consultation with the Council's external treasury advisors.

The Council's Treasury Management Strategy sets parameters for the selection and placing of cash balances, taking into account counterparty risk and liquidity. The strategy also sets out how the Council manages interest rate risks.

10. Select Committee comments

10.1. N/A.

11. Recommendation

11.1. Recommendations are set out in the executive summary to this report.

12. Background Papers

12.1. Capital strategy and programme 2021-22, on this agenda.

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

Officer name: Howard Jones **Tel No. :** 01603 222832

Email address: howard.jones@norfolk.gov.uk

IN TRAN communication for all

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Annex 1

Norfolk County Council

Treasury Management Strategy

including

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

2021-22

INDEX

1 Introduction

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

CIPFA defines treasury management as:

> *"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

1.2 Reporting requirements

1.2.1 Capital Strategy

The CIPFA revised 2017 Prudential and Treasury Management Codes require, all local authorities to prepare a capital strategy report, which will provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability.

The aim of the capital strategy is to ensure that all elected members understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

The capital strategy is reported separately from this Treasury Management Strategy Statement. Non-treasury investments including loans to companies are reported through the capital strategy and finance monitoring report, with summary information included in Treasury Management reports. This is to ensure separation of the core treasury function under security, liquidity and yield principles, and other investments, including loans to subsidiary and other companies which are usually driven by expenditure on assets for service delivery and related purposes.

Depending on the nature of any particular project, the capital strategy will cover:

- Corporate governance arrangements;
- Service objectives;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- For non-loan type investments, the cost against the current market value;
- The risks associated with activities and/or the ways in which risks have been mitigated.

Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.

Norfolk County Council does not hold any non-treasury and/or non-financial investments which are designed purely to generate a financial return: all non-treasury investments, for, example loans to subsidiaries and companies for Norfolk based projects and/or to support subsidiary companies fund their capital investment plans, and all have been approved as part of the capital strategy and programme.

To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown in this report.

1.2.2 Treasury Management reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals:

a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
   - the capital plans (including prudential indicators);
   - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
   - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
   - an investment strategy, (the parameters on how investments are to be managed).

b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c. **An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny
The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Council's Treasury Management Panel and Cabinet.

Scheme of Delegation
A summary of the Treasury Management Scheme of Delegation is at Appendix 8, with the Treasury Management role of the Section 151 Officer at Appendix 9.

1.3 Treasury Management Strategy for 2021-22

The strategy covers two main areas:

Capital issues

- capital expenditure plans and the associated prudential indicators;
- minimum revenue provision (MRP) policy (paragraph 2.4 and Appendix 1).

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training has been provided to members at the December 2020 Treasury Management Panel, and further training will be arranged as required.

The training needs of treasury management officers are reviewed as part of the annual performance review process.

1.5 Treasury management consultants

The Council uses Link Group, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. Through a competitive tender in 2019, the Council has ensured that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subject to regular review.

2 The Capital Prudential Indicators 2021-22 – 2023-24

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

Capital expenditure £m	2019-20 Actual	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate
Services	169.260	326.418	270.887	185.356	35.297
Capital loans to group and other companies	6.490	5.010	10.707	9.000	4.000
Infrastructure loans to third parties	1.899	0.500	0.000	6.732	0.000
Total	**177.649**	**331.928**	**281.594**	**201.088**	**39.297**

Other long-term liabilities - The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding/borrowing need.

Financing of capital expenditure £m	2019-20 Actual	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate
Capital grants	117.951	179.630	91.971	38.463	
Revenue and reserves		0.381			
Capital receipts	7.525				
Prudential borrowing	52.173	151.917	189.623	162.625	39.297
Capital programme	**177.649**	**331.928**	**281.594**	**201.088**	**39.297**
Estimated slippage		(80.000)	(100.000)	(50.000)	100.000
Cumulative slippage		**(80.000)**	**(180.000)**	**(230.000)**	**(130.000)**
New borrowing requirement after slippage	**52.173**	**71.917**	**89.623**	**112.625**	**139.297**
Net financing need for the year	**177.649**	**251.928**	**181.594**	**151.088**	**139.297**

Slippage has been incorporated into the calculations in line with historic patterns of capital spend. Although members approve capital programmes based on annual expenditure, it is not uncommon for projects to be delayed due to, for example, planning issues. In addition, where grants become available, these will be used ahead of borrowing to fund projects.

To better reflect actual likely expenditure, and to help avoid the risk of borrowing in advance of need, an adjustment for slippage has been incorporated into the calculations shown in this strategy.

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure shown in paragraph 2.1 above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI, PPP lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £50.1m of such schemes within the CFR.

The Council is asked to approve the CFR projections below:

£m	2019-20 Actual	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate
Capital Financing Requirement					
Opening CFR	**777.846**	**827.765**	**889.682**	**951.305**	**1,032.930**
Net financing need for the year (above)	52.173	71.917	89.623	112.625	139.297
Less MRP and other financing movements	(2.254)	(10.000)	(28.000)	(31.000)	(34.000)
Movement in CFR	**49.919**	**61.917**	**61.623**	**81.625**	**105.297**
Closing CFR	**827.765**	**889.682**	**951.305**	**1,032.930**	**1,138.227**

A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position.

The capital expenditure figures shown in 2.1 and the details above demonstrate the scope of this activity and, by approving these figures, consider the scale proportionate to the Authority's remaining activity.

2.3 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources £m	2019-20 Actual	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate
Opening investments	**107.900**	**173.600**	**181.683**	**172.060**	**139.435**
Net (use) of reserves, capital grants, working capital etc.	30.773	0.000	0.000	0.000	0.000
Capital expenditure funded through prudential borrowing	(52.173)	(71.917)	(89.623)	(112.625)	(139.297)
New Borrowing	87.100	80.000	80.000	80.000	80.000
Closing investments	**173.600**	**181.683**	**172.060**	**139.435**	**80.138**

2.4 Minimum revenue provision (MRP) policy statement

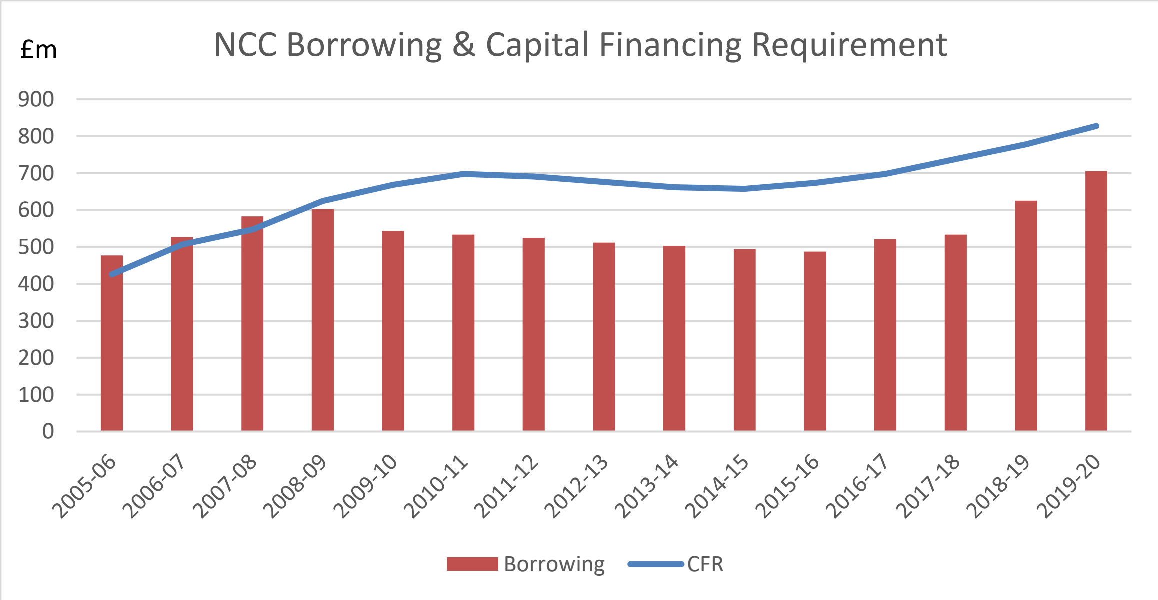
The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

MHCLG regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council's MRP Statement has been updated to better explain our use of the previous over-provision of MRP, including the amount brought forward into 2020-21, and also to refer to right-of-use assets which will result from the impact of IFRS16 which will affect the Council's accounts in 2022-23.

3 Borrowing

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

The table below summarises the Council's historic capital financing requirement and borrowing:



3.1 Current portfolio position

The overall treasury management portfolio as at 31 March 2020 and for November 2020 is shown below for both borrowing and investments.

	31 March 2020 £m	31 December 2020 £m
Treasury Investments		
Banks	80.0	80.0
Local authorities	25.0	-
Money Market funds	68.6	61.5
	173.6	**141.5**
Treasury external borrowing		
PWLB	663.4	657.5
Commercial (including LOBOs)	42.3	42.3
	705.7	**699.8**
Net-treasury balance	**532.1**	**558.3**

Note: the 31 March column above is reconciled to the Council's Statement of Accounts by adjusting for uncleared BACS payments on balances, and accrued interest on loans.

At the end of December 2020, the bank deposits were with Barclays and Santander UK , and the Money Market Funds with Aberdeen and Aviva.

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	2019-20 Actual	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate
External Debt					
Debt at 1 April	625.416	705.645	779.274	855.401	921.250
Expected change in Debt - repayments	(6.871)	(6.371)	(3.873)	(14.151)	(17.680)
Expected change in Debt – new borrowing	87.100	80.000	80.000	80.000	80.000
Debt at 31 March	**705.645**	**779.274**	**855.401**	**921.250**	**983.570**
Other long-term liabilities (OLTL) 1 April	51.685	50.082	48.170	45.965	53.786
Expected change in OLTL	(1.603)	(1.912)	(2.205)	7.821	(2.781)
OLTL forecast	**50.082**	**48.170**	**45.965**	**53.786**	**51.005**
Gross debt at 31 March	**755.727**	**827.444**	**901.366**	**975.036**	**1,034.575**
The Capital Financing Requirement	827.765	889.682	951.305	1,032.930	1,138.227
Under / (over) borrowing	**72.038**	**62.238**	**49.939**	**57.894**	**103.652**

Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2021-22 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Executive Director of Finance and Commercial Services reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational boundary £m	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate
Debt	841.512	905.340	979.144	1,087.222
Other long-term liabilities	48.170	45.965	53.786	51.005
Total	**889.682**	**951.305**	**1,032.930**	**1,138.227**

The authorised limit for external debt. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which reflects the total approved capital expenditure, plus an allowance (5%) for schemes which may be approved in-year:

1. This is the statutory limit determined under section 3(1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

Authorised limit £m	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate
Debt	883.588	950.607	1,028.101	1,141.583
Other long-term liabilities	50.579	48.263	56.475	53.555
Total	**934.166**	**998.870**	**1,084.576**	**1,195.138**

3.3 Prospects for interest rates

The Council has appointed Link Treasury Services Limited as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates, resulting in the following forecasts:

Link Group Interest Rate View 9.11.20

These Link forecasts have been amended for the reduction in PWLB margins by 1.0% from 26.11.20

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.80	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
10 yr PWLB	1.10	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
25 yr PWLB	1.50	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
50 yr PWLB	1.30	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 16th December, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected in the forecast table above as economic recovery is expected to be only gradual and, therefore, prolonged.

Investment and borrowing rates

- Investment returns are likely to remain exceptionally low during 2021/22 with little increase in the following two years.
- Borrowing interest rates fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England: indeed, gilt yields up to 6 years were negative during most of the first half of 2020-21.
- The policy of delaying new borrowing by running down spare cash balances has served local authorities well over the last few years.

PWLB rates

- The unexpected increase of 100 bps in PWLB rates on top of the then current margin over gilt yields of 80 bps in October 2019 meant that many local authorities, including Norfolk County Council, decided to refrain from PWLB borrowing unless it was for local infrastructure financing, until such time as the review of margins was concluded.
- Following a government consultation which concluded in November 2020, PWLB margins have been reduced to pre-October 2019 levels.
- As Link's long-term forecast for Bank Rate is 2.0%, and all PWLB rates are under 2.0%, there is now value in borrowing from the PWLB for all types of capital expenditure for all maturity periods, especially as current rates are at historic lows. However, greater value can be obtained in borrowing for shorter maturity periods so the Council will assess its risk appetite in conjunction with budgetary pressures to reduce total interest costs. Longer-term borrowing could also be undertaken for the purpose of certainty, where that is desirable, or for flattening its maturity profile.

Alternative source of borrowing

- Should the government again increase PWLB margins or if the margins become uncompetitive, the Council will consider the following alternatives in light of the amount of borrowing required, structures (spot or forward dates), maturities, availability, interest rates, and arrangement fees:
  - Municipal Bonds Agency
  - Local authorities (primarily shorter dated maturities)
  - Financial institutions (primarily insurance companies and pension funds but also some banks, based on spot or forward dates).

3.4 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement "CFR"), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Interest rate exposure on borrowing is currently managed by borrowing in tranches which roughly match the increase in the Council's CFR over time. This takes advantage of historically low interest rates currently available, but takes into account the revenue cost of carry of unnecessary borrowing.

Against this background and the risks within the economic forecast, caution will be adopted with the 2021-22 treasury operations. The Executive Director of Finance and Commercial Services will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates,* then long-term borrowings will be postponed.

- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast,* perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any decisions will be reported to Cabinet at the next available opportunity.

3.5 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.6 Debt rescheduling

Based on current PWLB repayment provisions, and relative interest rates, rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is no financial benefit in rescheduling debt at present.

The portfolio will continue to be kept under review for opportunities and if circumstances change, any rescheduling will be reported to Cabinet at the earliest opportunity.

4 Annual investment strategy

4.1 Investment policy – management of risk

The MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This section deals solely with financial investments as managed by the treasury management team. Non-financial investments, including loans made for capital purposes, are covered in the Capital Strategy.

The Council's investment policy has regard to the following: -

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

The Council's investment priorities will be security first, portfolio liquidity second and then yield. In the current economic climate, it is considered appropriate to keep sufficient investments short term to cover cash flow needs.

The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

1. Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings. A comparative analysis of ratings from different agencies is shown as Appendix 2, and an indicative list of approved counterparties as Appendix 3.

2. Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

3. **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use including 'specified' and 'non-specified' investments.

    - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if originally they were originally classified as being non-specified investments solely due to the maturity period exceeding one year.

- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

5. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in Appendix 4.

6. This authority will set a limit for the amount of its investments which are invested for **longer than 365 days**, (see paragraph 4.4).

7. The Council will only use non-UK banks from countries with a minimum sovereign rating of AA+ (Appendix 7). The sovereign rating of AA+ must be assigned by one of the three credit rating agencies. No more than £30m will be placed with any individual non-UK country at any time.

8. This authority has engaged **external consultants**, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

9. All cash invested by the County Council will be either Sterling or Euro deposits (including Sterling certificates of deposit) or Sterling Treasury Bills invested with banks and other institutions in accordance with the Approved Authorised Counterparty List. The inclusion of Euro deposits enables the County Council to effectively manage (subject to European Central Bank deposit rates) Euro cash balances held for schemes such as the France-Channel-England Project.

10. As a result of the change in accounting standards for 2018-19 under IFRS 9, this authority takes into account the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund.

11. In November 2018, the Ministry of Housing, Communities and Local Government ("MHCLG"), concluded a consultation for a temporary IFRS9 override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years to 31 March 2023. At the time of writing the Council has no pooled investments.

This authority will pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

4.2 Creditworthiness policy

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Executive Director of Finance and Commercial Services will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by Link Group, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list.

Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur, and this information is considered before dealing.

The criteria for providing a pool of high-quality investment counterparties, (both specified and non-specified investments) is:

- **Banks:**

(i) **UK Banks** requires both the short and long term ratings issued by at least one of the three rating agencies (Fitch, S&P or Moody's) to remain at or above the minimum credit rating criteria.

UK Banks	**Fitch**	**Standard & Poors**	**Moody's**
Short Term Ratings	F1	A-1	P-1
Long Term Ratings	A-	A-	A3

(ii) **Non-UK Banks** requires both the short and long term ratings issued by at least one of the three rating agencies (Fitch, S&P or Moody's) to remain at or above the minimum credit rating criteria and a sovereign rating of AA+ assigned by one of the three credit rating agencies.

Non-UK Banks	**Fitch**	**Standard & Poors**	**Moody's**
Short Term Ratings	F1+	A-1+	P-1
Long Term Ratings	AA-	AA-	Aa3

- **Part Nationalised UK Bank:** Royal Bank of Scotland Group. This bank is included while it continues to be part nationalised or it meets the ratings for UK Banks above.

- **The County Council's Corporate Banker:** if the rating for the Council's corporate banker (currently Barclays) falls below the above criteria, sufficient balances will be retained to fulfil transactional requirements. Other than this, balances will be minimised in both monetary size and time invested.

- **Building Societies:** The County Council will use Building Societies which meet the ratings for UK Banks outlined above.

- **Money Market Funds (MMFs)**: which are rated AAA by at least two of the three major rating agencies. MMF's are 'pooled funds' investing in high-quality, high-liquidity, short-term securities such as treasury bills, repurchase agreements and certificate of deposits. Funds offer a high degree of counterparty diversification that include both UK and Overseas Banks. Following money market reforms, MMFs will be allocated to sub-categories (CNAV, LNAV and VNAV) to meet more stringent liquidity regulations. However, the Council will continue to apply the same minimum rating criteria.

- **UK Government:** including the Debt Management Account Deposit Facility & Sterling Treasury Bills. Sterling Treasury Bills are short-term (up to six months) 'paper' issued by the UK Government. In the same way that the Government issues Gilts to meet long term funding requirements, Treasury Bills are used by Government to meet short term revenue obligations. They have the security of being issued by the UK Government.

- **Local Authorities, Parish Councils etc.:** Includes those in England and Wales (as defined in Section 23 of the Local Government Act 2003) or a similar body in Scotland or Northern Ireland.

- **Wholly owned companies: The Norse Group, Hethel Innovation Limited and Repton Property Developments Limited, Independence Matters CIC, NCC Nurseries Limited:** short-term loan arrangements made in accordance with approved service level agreements and the monetary and duration limits detailed below in Appendix 4.

- **Property funds (where not classed as capital expenditure)**: these are long term, and relatively illiquid funds, expected to yield both rental income and capital gains. The use of certain property funds can be deemed capital expenditure, and as such would be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using. Appropriate due diligence will also be undertaken before investment of this type is undertaken.

- **Ultra-Short Dated Bond Funds** will use funds that are AAA rated and only after due diligence has been undertaken.

- **Corporate Bonds:** These are bonds issued by companies to raise long term funding other than via issuing equity. Investing in corporate bonds offers a fixed stream of income, paid at half yearly intervals. Appropriate due diligence will also be undertaken before investment of this type is undertaken.

- **Corporate bond funds:** Pooled funds investing in a diversified portfolio of corporate bonds, so provide an alternative to investing directly in individual corporate bonds. Minimum long-term rating of A- to be used consistent with criteria for UK banks. Appropriate due diligence will also be undertaken before investment of this type is undertaken.

- **UK Government Gilt funds:** A gilt is a UK Government liability in sterling, issued by HM Treasury and listed on the London Stock Exchange. They can be either "conventional" or index linked. Using a fund can mitigate some of the risk of potential large movements in value.

Use of additional information other than credit ratings. Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating Watches/Outlooks) will be applied to compare the relative security of differing investment counterparties.

Time and monetary limits applying to investments. The time and monetary limits for institutions on the Council's counterparty list are set out in Appendix 4.
The proposed criteria for specified and non-specified investments are shown in Appendix 6.

Creditworthiness
Although the credit rating agencies changed their outlook on many UK banks from Stable to Negative during the quarter ended 30 June 2020 due to upcoming risks to banks' earnings and asset quality during the economic downturn caused by the pandemic, the majority of ratings were affirmed due to the continuing strong credit profiles of major financial institutions, including UK banks. However, during Q1 and Q2 2020, banks made provisions for expected credit losses and the rating changes reflected these provisions. As we move into future quarters, more information will emerge on actual levels of credit losses. (Quarterly earnings reports are normally announced in the second half of the month following the end of the quarter.) This has the potential to cause rating agencies to revisit their initial rating adjustments earlier in the current year. These adjustments could be negative or positive, although it should also be borne in mind that banks went into this pandemic with strong balance sheets. This is predominantly a result of regulatory changes imposed on banks following the Great Financial Crisis. Indeed, the Financial Policy Committee (FPC) report on 6th August revised down their expected credit losses for the UK banking sector to "somewhat less than £80bn". It stated that in its assessment, "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.
All three rating agencies have reviewed banks around the world with similar results in many countries of most banks being placed on Negative Outlook, but with a small number of actual downgrades.

CDS prices
Although bank CDS prices (these are market indicators of credit risk) spiked upwards at the end of March / early April 2020 due to the heightened market uncertainty and ensuing liquidity crisis that affected financial markets, they have returned to more average levels since then. Nevertheless, prices are still elevated compared to end-February 2020. Pricing is likely to remain volatile as uncertainty continues. However, sentiment can easily shift, so it will remain important to undertake continual

monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Council has access to this information.

4.3 Other limits

Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors.

a) **Non-specified investment limit.** The Council has set limits for non-specified investments in accordance with the criteria set out in Appendix 6. For example, they are bound by the limits for investments set out in Appendix 4 and the upper limit for principal sums invested for longer than 365 days shown in paragraph 4.4. This ensures that non-specified investments are only made within appropriate quality and monetary limits.

b) **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of *AA-.*

c) **Other limits.** In addition:
   - no more than £30m will be placed with any non-UK country at any time;
   - limits in place above will apply to a group of companies.

4.4 Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment returns expectations.

Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising so it may be best to assume that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows (the long term forecast is for periods over 10 years in the future):

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows (the long term forecast is for periods over 10 years in the future):

Average earnings in each year	
2020/21	0.10%
2021/22	0.10%
2022/23	0.10%
2023/24	0.10%

2024/25	0.25%
Long term later years	2.00%

- The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is subject to major uncertainty due to the virus and how quickly successful vaccines are widely administered to the population.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, or a return of investor confidence in equities, could impact gilt yields, (and so PWLB rates), in the UK.

Negative investment rates
While the Bank of England said in August / September 2020 that it is unlikely to introduce a negative Bank Rate, at least in the next 6 -12 months, and in November omitted any mention of negative rates in the minutes of the meeting of the Monetary Policy Committee, some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the COVID crisis; this has caused some local authorities to have sudden large increases in cash balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.

As for money market funds (MMFs), yields have continued to drift lower. Some managers have already resorted to trimming fee levels to ensure that net yields for investors remain in positive territory where possible and practical. Investor cash flow uncertainty, and the need to maintain liquidity in these unprecedented times, has meant there is a surfeit of money swilling around at the very short end of the market. This has seen a number of market operators, now including the DMADF, offer nil or negative rates for very short term maturities. This is not universal, and MMFs are still offering a marginally positive return, as are a number of financial institutions for investments at the very short end of the yield curve.

Inter-local authority lending and borrowing rates have also declined due to the surge in the levels of cash seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received will occur or when further large receipts will be received from the Government.

Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the following treasury indicator and limit:

Upper limit for principal sums invested for longer than 365 days			
£m	**2020-21**	**2021-22**	**2022-23**
Principal sums invested for longer than 365 days	£100m	£100m	£100m
Current investments >365 days as at 30 November 2020	£0m	-	-

4.5 Investment risk benchmarking

This Council will use an investment benchmark to assess the investment performance of its investment portfolio of 7 day, 3, 6 and 12 month London Interbank Bid Rate (LIBID).

The most appropriate comparator at any point will depend on levels of cash balances and immediate liquidity requirements during the year.

4.6 Non-treasury investments

Although this section of the report does not specifically cover non-treasury investments, a summary of non-treasury loans is included at Appendix 10. This appendix shows that the impact of these loans on the Council's revenue budget is not material in comparison to its turnover.

4.7 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Outturn Report.

5 Appendices

Appendix 1 - Minimum Revenue Provision Statement

Appendix 2 - Ratings comparative analysis

Appendix 3 - Indicative List of Approved Counterparties for Lending

Appendix 4: Time and monetary limits applying to investments

Appendix 5: The Capital and Treasury Prudential Indicators

Appendix 6: Credit and counterparty risk management

Appendix 7: Approved Countries for Investments

Appendix 8: Treasury Management Scheme of Delegation

Appendix 9: The Treasury Management Role of the Section 151 Officer

Appendix 10: Non-treasury investments

Appendix 1 - Minimum Revenue Provision Statement 2021-22

A1 Regulations issued by the Department of Communities and Local Government in 2008 require the Council to approve a Minimum Revenue Provision (MRP) statement in advance of each year.

A2 Members are asked to approve the MRP statement annually to confirm that the means by which the Council plans to provide for repayment of debt are satisfactory. Any revisions to the original statement must also be issued. Proposals to vary the terms of the original statement during the year should also be approved.

A3 MRP is the provision made in the Council's revenue budget for the repayment of borrowing used to fund capital expenditure - the Council has a statutory duty to determine an amount of MRP which it considers to be prudent, having regard to guidance issued by the Secretary of State.

A4 In 2021-22:

- For capital expenditure incurred before 1 April 2007 which is supported by Formula Grant (supported borrowing), the MRP policy will be to provide the amount to set aside calculated in equal instalments over 50 years.
- For all capital expenditure since that date which is supported by Formula Grant (supported borrowing), the MRP policy will be to provide the amount to set aside calculated in equal instalments over 50 years from the year set aside is first due.
- In calculating the amounts on which set aside is to be made pre 1 April 2007 Adjustment A will be applied.
- Any charges made over the statutory minimum revenue provision, voluntary revenue provision or overpayments can, if needed, be reclaimed in future years if deemed necessary or prudent, and cumulative overpayments disclosed. At 31 March 2020 the cumulative amount over-provided was £17.464m. The over-provision will be released in a phased manner until 2021-22, to the extent that it has not been fully used.
- For expenditure since 1 April 2008, the MRP policy for schemes funded through borrowing will be to base the minimum provision on the estimated life of the assets in accordance with the guidance issued by the Secretary of State.
- Re-payments included in annual PFI and finance lease/right of use asset arrangements are applied as MRP.
- Having identified the total amount to be set aside for previously unfunded capital expenditure the Council will then decide how much of that to fund from capital resources with the residual amount being the MRP for that year.

A5 Where loans are made to third parties for capital purposes, the capital receipt received as a result of each repayment of principal, under the terms of the loan, will be set aside in order to re-pay NCC borrowing and to reduce the Capital Financing Requirement accordingly. MRP will only be accounted for if an accounting provision has been made for non-repayment of the loan or if there is a high degree of uncertainty regarding the repayment. This arrangement will also be applied where a third party has committed to underwrite the debt costs of a specific project through amounts reserved for capital purposes.

A6 The Council will continue to make provision at least equal to the amount required to ensure that each debt maturity is met.

Appendix 2 - Ratings comparative analysis

Moody's		S&P		Fitch		
Long-term	**Short-term**	**Long-term**	**Short-term**	**Long-term**	**Short-term**	
Aaa	P-1	AAA	A-1+	AAA	F1+	Prime
Aa1		AA+		AA+		High grade
Aa2		AA		AA		
Aa3		AA-		AA-		
A1		A+	A-1	A+	F1	Upper medium grade
A2		A		A		
A3	P-2	A-	A-2	A-	F2	
Baa1		BBB+		BBB+		Lower medium grade
Baa2	P-3	BBB	A-3	BBB	F3	
Baa3		BBB-		BBB-		
Ba1	Not prime	BB+	B	BB+	B	Non-investment grade speculative
Ba2		BB		BB		
Ba3		BB-		BB-		
B1		B+		B+		Highly speculative
B2		B		B		
B3		B-		B-		
Caa1		CCC+	C	CCC	C	Substantial risks
Caa2		CCC				Extremely speculative
Caa3		CCC-				In default with little prospect for recovery
Ca		CC				
		C				
C		D	/	DDD	/	In default
/				DD		
/				D		

Appendix 3 - Indicative List of Approved Counterparties for Lending

UK Banks

Barclays Bank
Bank of Scotland Plc (*)
Close Brothers
Goldman Sachs
Santander UK
Lloyds TSB Bank (*)
HSBC Bank Group

Non-UK Banks

Australia:

- Australia & New Zealand Banking Group
- Commonwealth Bank of Australia
- National Australia Bank Limited

Canada:

- Bank of Montreal
- National Bank of Canada
- Toronto-Dominion Bank

Germany:

- DZ Bank AG
- Landesbank Baden-Wuerttemberg
- Landesbank Hessen-Thueringen Girozentrale

Netherlands:

- Rabobank

Singapore:

- DBS Bank Ltd
- Oversea-Chinese Banking Corp
- United Overseas Bank Limited

Sweden:

- Svenska Handelsbanken

Part Nationalised UK Banks

Royal Bank of Scotland(#)
National Westminster(#)

UK Building Societies

Coventry BS
Leeds BS
Nationwide BS
Yorkshire BS

Money Market Funds

Aberdeen Standard Investments
Federated Investors
Aviva
Northern Trust

UK Government

Debt Management Account Deposit Facility
Sterling Treasury Bills
Local Authorities, Parish Councils

Other – Group companies (non-capital)

The Norse Group
Hethel Innovation Limited
Repton Property Developments
Independence Matters CIC
NCC Nurseries Limited

Note: (*) (#) A 'Group Limit is operated whereby the collective investment exposure of individual banks within the same banking group is restricted to a group total.

Appendix 4: Time and monetary limits applying to investments

The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified investments):

COUNTERPARTY	NCC LENDING LIMIT (£m)	OTHER BODIES LENDING LIMIT (£m)	TIME LIMIT
UK Banks	£60m	£30m	**Up to 3 Years** (see notes below)
Non-UK Banks	£30m	£20m	**1 Year**
Royal Bank of Scotland / Nat. West. Group	£60m	£30m	**2 Years**
Building Societies	£30m	£20m	**1 Year**
MMFs - CNAV	£60m (per Fund)	£30m (per Fund)	**Instant Access**
MMFs - LNVAV			**Instant Access**
MMFs - VNAV			**Instant Access**
Debt Management Account Deposit Facility	Unlimited	Unlimited	**6 Months (being max period available)**
Sterling Treasury Bills	Unlimited	Unlimited	**6 Months (being max period available)**
Local Authorities	Unlimited (individual authority limit £20m)	Unlimited (individual authority limit £10m)	**3 Years**
The Norse Group	£15m	Nil	**1 Year**
Hethel Innovation Limited	£1.25m	Nil	**1 Year**
Repton Property Developments Limited	£1.0m	Nil	**1 Year**
Independence Matters CIC	£1.0m	Nil	**1 Year**
NCC Nurseries Limited	£0.250m	Nil	**1 Year**
Property Funds	£10m in total	Nil	**Not fixed**
Ultra short dated bond funds	£5m in total	Nil	**3 years**
Corporate bonds	£5m in total	Nil	**3 years**
Corporate bond funds	£5m in total	Nil	**3 years**
UK Government Gilts / Gilt Funds	£5m in total	Nil	**3 years**

Notes:

- In addition to individual institutional lending limits, 'Group Limits' are used whereby the collective investment exposure of individual banks within the same banking group is restricted to a group total lending limit. For example, in the case of Lloyds TSB and Bank of Scotland, the group lending limit for the Lloyds Banking Group is £60M.

- The maximum deposit period for UK Banks is based on the following tiered credit rating structure:

Long Term Credit Rating (Fitch or equivalent) assigned by at least one of the three credit rating agencies	Maximum Duration
AA-	Up to 3 years
A	Up to 2 years
A-	Up to 1 year

  Deposits may be placed with the Royal Bank of Scotland as a UK Part Nationalised Bank and Local Authorities may be made for periods of 2 and 3 years respectively.

- The Council will only use non-UK banks from countries with a minimum sovereign rating of AA+. The sovereign rating of AA+ must be assigned by one of the three credit rating agencies. No more than £30m will be placed with any individual non-UK country at any time. Approved countries for investments are shown at Appendix 7.

- For monies invested on behalf of the Norse Group, Independence Matters and Norfolk Pension Fund there is a maximum monetary limit of £10m per counterparty. Operationally funds are diversified further as agreed with the individual bodies.

- Long-term loans to the Norse Group and other subsidiary companies are approved as part of the Council's capital programme.

- The use of property funds, bonds and bond funds, gilts and gilt funds will be subject to appropriate due diligence.

- Certain property funds may be classed as a capital investment. If this is the case then they will be approved via the capital programme. If the fund is classed as revenue, then the IFRS 9 implications will be fully considered: unless the DCLG specifies otherwise, any surpluses or losses will become chargeable to the Council's general fund on an annual basis.

Appendix 5: The Capital and Treasury Prudential Indicators

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital expenditure £m	2019-20 Actual	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate
Adult Social Care	12.376	11.627	14.525	11.436	17.500
Children's Services	53.447	71.410	99.180	107.978	4.000
CES Highways	68.609	156.395	53.380	41.545	0.933
CES Other	19.217	31.959	51.370	12.402	4.764
Finance and Comm. Servs	24.000	60.436	63.089	27.377	12.100
Strategy and Governance		0.100	0.050	0.350	0.000
Total	**177.649**	**331.928**	**281.594**	**201.088**	**39.297**
Loans to companies included in Finance and Comm Servs above	**6.490**	**5.010**	**10.707**	**9.000**	**4.000**
GNGB supported borrowing to developers	**1.899**	**0.500**			
Loans as a percentage	*5%*	*2%*	*4%*	*4%*	*10%*

Non-treasury investments – proportionality
The table above demonstrates that loans to companies and developers, as a percentage of all capital expenditure, are a relatively low proportion and therefore do not present undue risk in the context of the programme overall.

Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

%	2019-20 Actual	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate
Financing costs (net)	31.251	39.500	59.400	64.400	68.400
Net revenue costs	675.487	719.997	736.472	749.499	764.218
Percentage	4.63%	5.49%	8.07%	8.59%	8.95%

The estimates of financing costs include current commitments and budget proposals. The % increase between 2019-20 and 2021-22 represents MRP previously overpaid being fully used in 2020-21.

The Prudential Code 2013 acknowledged that the "Financing Costs to Net Revenue Stream" indicator may be more problematic for some authorities regarding the level of government support for capital spends. In these instances, it is suggested that a narrative explaining the indicator may be helpful. At this stage, it is considered that the table above can provide useful information.

Maturity structure of borrowing

Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

Maturity structure of fixed & variable interest rate borrowing 2021-22		
	Lower	**Upper**
Under 12 months	0%	10%
12 months to 2 years	0%	10%
2 years to 5 years	0%	10%
5 years to 10 years	0%	20%
10 years to 20 years	10%	30%
20 years to 30 years	10%	30%
30 years to 40 years	10%	30%
40 years to 50 years	10%	40%

The percentages shown in the table above are proportions of total borrowing.

Control of interest rate exposure:

The table above indicates how the authority manages its interest rate exposure by ensure a degree of alignment between asset lives and appropriate interest rates and spreading the time over which any debt re-financing may need to happen.

Only £31.250m out of total borrowing of over £700m (less than 5% of total borrowing) is potentially variable, and the rate will only vary if borrowing rates rise to above 4.75%. Forecast borrowing rates suggest that that this threshold will not be exceeded in the foreseeable future. Planned borrowing is expected to be at fixed rates to take advantage of historically low interest rates, and to limit long term exposure to variable rates.

With positive cash balances, the Council has maintained an under-borrowed position which avoids short term exposure to interest rate movements on investments. The Council will continue to balance the risks of borrowing while cash balances are available, against the long-term benefits of locking into low borrowing rates.

Appendix 6: Credit and counterparty risk management

The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective, the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council has adopted the Code and will apply its principles to all investment activity. In accordance with the Code, the Executive Director of Finance and Commercial Services has produced its treasury management practices (TMPs). This part, covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

Strategy guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. They also include investments which were originally classed as being non-specified investments, but which would have been classified as specified investments apart from originally being for a period longer than 12 months, once the remaining period to maturity falls to under twelve months. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, housing association, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.
5. A body that is considered of a high credit quality (such as a bank or building society).

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are shown in detail in Appendix 4.

Non-specified investments –are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

	Non Specified Investment Category	Limit (£ or %)
a.	**Supranational bonds greater than 1 year to maturity** **(a) Multilateral development bank bonds** - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Reconstruction and Development Bank etc.). **(b) A financial institution that is guaranteed by the United Kingdom Government** (e.g. National Rail, the Guaranteed Export Finance Company {GEFCO}) The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	Not currently included as approved investment
b.	**Gilt edged securities** with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	Ref Appendix 4
c.	**The Council's own banker** if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	Ref Appendix 4
d.	**Building societies not meeting the basic security requirements under the specified investments**. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings.	Not currently included as approved investment
e.	Any **bank or building society** that meets minimum long-term credit ratings, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	Ref Appendix 4
f.	**Share capital** in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. This Authority would seek further advice on the appropriateness and associated risks with investments in these categories.	Not currently included as approved treasury investment.
g.	**Loan capital** in a body corporate. The use of these loans to subsidiaries and other companies will normally be deemed to be capital expenditure. However, working capital loans are dealt with under Treasury Management arrangements. This Authority would seek further advice on the appropriateness and associated risks with investments in these categories.	Ref Appendix 4
h.	**Bond funds.** These are specialist products, and the Authority will seek guidance on the status of any fund it may consider using.	Ref Appendix 4
i.	**Property funds** – The use of these instruments can be deemed to be capital expenditure, and as such will be an application	Ref Appendix 4

	(spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using.	

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Group as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Executive Director of Finance and Commercial Services, and if required new counterparties which meet the criteria will be added to the list.

Use of external fund managers – at the time of writing the Council does not use or plan to use external fund managers.

Appendix 7: Approved Countries for Investments (as at 1 December 2020)

Non-UK Banks requires minimum individual credit rating criteria and a sovereign rating of AA+ assigned by one of the three credit rating agencies. At 1 December 2020 approved countries and their applicable ratings include:

AAA

- Australia
- Canada
- Germany
- Netherlands
- Singapore
- Sweden
- Switzerland
- U.S.A.

AA+

- Finland

Appendix 8: Treasury Management Scheme of Delegation

(i) Full Council

- approve the Policy Framework and the strategies and policies that sit within it (Source: Council constitution);
- Note: the Policy Framework includes “Annual investment and treasury management strategy”.

(ii) Cabinet terms of reference

- to prepare, for adoption by the Council, the budget and the plans which fall within the policy framework).

(iii) Audit Committee

- Consider the effectiveness of the governance, control and risk management arrangements for Treasury Management and ensure that they meet best practice. (Source: Audit Committee Terms of Reference)

(iv) Treasury Management Panel

The Panel’s terms of reference are to:

- consider and comment on the draft Annual Investment and Treasury Strategy prior to its submission to Cabinet and full Council
- receive detailed reports on the Council’s treasury management activity, including reports on any proposed changes to the criteria for “high” credit rated institutions in which investments are made and the lending limits assigned to different counterparties
- receive presentations and reports from the Council’s Treasury Management advisers, Link Asset Services
- consider the draft Treasury Management Annual Report prior to its submission to Cabinet and full Council.

(v) Executive Director of Finance and Commercial Services

- “responsible for the proper administration of the financial affairs of the Council including … investments, bonds, loans, guarantees, leasing, borrowing (including methods of borrowing)…”

  (Source: Scheme of delegated powers to officers)

  See Appendix 9 for detailed responsibilities.

Appendix 9: The Treasury Management Role of the Section 151 Officer

The S151 (responsible) officer is the Executive Director of Finance and Commercial Services. Responsibilities include:

Constitution – officer roles

- Have responsibility for the administration of the financial affairs of the Council and be the Section 151 Officer.
- Statutory responsibilities of the Chief Finance Officer (Section 151 officer) Budgeting and Financial Management, Exchequer Services, Pensions, Investment and Treasury Management, Risk & Insurance, Property, Audit. ICT and Procurement and Transactional Services.

Financial Regulations

- execution and administration of treasury management decisions, including decisions on borrowing, investment, financing (including leasing) and maintenance of the counter party list.
- prepare for County Council an annual strategy and plan in advance of the year, a mid-year review and an annual report.
- regularly report to the Treasury Management Panel and the Cabinet on treasury management policies, practices, activities and performance monitoring information.
- monitoring performance against prudential indicators, including reporting significant deviations to the Cabinet and County Council as appropriate.
- ensuring all borrowing and investment decisions, both long and short term, are based on cash flow monitoring and projections.
- ensuring that any leasing financing decisions are based on full options appraisal and represent best value for the County Council, in accordance with the County Council's leasing guidance.
- the provision and management of all banking services and facilities to the County Council.

Appendix 10: Non-treasury investments

Existing non- treasury investments (loans) at 31 March 2020

Loans	**£m**
NORSE Energy (capital investment)	10.000
Norse Group (capital investment)	2.965
Norse Group (Aviation Academy)	6.000
NEWS	0.424
NorseCare	3.000
Hethel Innovation Ltd (Hethel Engineering Centre)	5.105
Norwich Airport Radar (relocation due to NDR)	2.194
Repton Property Developments Limited	-
LIF loans to developers in Norfolk	6.799
Total loans to companies	**36.487**
NDR Loan – underwritten by CIL receipts	35.848
Total long-term debtors in balance sheet	**72.335**

In addition to the loans listed above, equity of £3.5m has been invested in Repton Property Developments Limited, a wholly owned housing development company.

A more detailed schedule of the above loans, showing objectives and explanations of each investment are detailed in Appendix 3 to the Mid-Year Treasury Management Monitoring Report 2020-21 presented to 6 December 2020 Cabinet.

Potential future non-treasury capital investments

Non-treasury investments: The following schemes if approved will result in loans to wholly owned companies or third parties. These loans will be for capital purposes, are Norfolk based, and are designed to further the Council's objectives. None of the loans listed are purely for the purpose of income generation.

Scheme	**Background**	**Approximate value**
Capital equity in, and loans to wholly owned companies	**Repton Property Developments** The company is developing land north of Norwich Road Acle surplus to County Council, as well as other appropriate surplus land holdings. **Other projects** From time to time the Council's wholly owned companies further the Council's objectives through capital investments. This facility is included in the capital programme.	£14m included in capital programme

Proportionality of non-treasury investments:
The total value of loans (including CIL supported debt) is not likely to exceed £100m. At an indicative interest rate of 3% (giving a margin of approximately 1% over current PWLB borrowing rate) this would mean interest of £3m pa. This approximates to less than 20% of the Council's general reserves, 1% of the Council's net expenditure, and 0.3% of departmental gross expenditure. As a result, reliance on income from non-treasury is therefore considered to be proportionate and manageable.

Item No. 9

Report to Scrutiny Committee

Report title:	**Forward Work Plan**
Date of meeting:	**17 February 2021**
Responsible Cabinet Member:	**N/A**
Responsible Director:	**Director of Governance and Monitoring Officer**
Is this a key decision?	**N/A**

Actions required

The Scrutiny Committee is asked to consider and agree the forward work plan and any future items for scrutiny

1. Background and Purpose

1.1. The Scrutiny Committee last agreed a programme of scrutiny work at their meeting on 27 January 2021. Attached at Appendix A is the latest programme of work for the remainder of the municipal year up to May 2021, including any reports still to be scheduled.

1.2. At the January meeting the Committee also considered a suggested programme of scrutiny work looking at the impact of COVID in Norfolk. The Committee were mindful that Officers responding to the crisis were under significant pressures since the move into a third national lockdown and that any reports to scrutiny needed to be timely and appropriate. The Chair and Vice Chair have agreed to bring a programme of work for consideration to a future meeting as the focus for today's meeting is scrutiny of the County Council's budget.

1.3. Following a proposal by the Vice Chair at the last meeting it was agreed to ask the People and Communities Select Committee to give consideration to looking at the next steps of the Cabinet decision relating to "Adult Social Services charging policy for non-residential care - next steps following Judicial Review". The Select Committee met on 29th January 2021 and agreed to add this onto their forward work programme and would seek guidance from Officers as to the most appropriate time to consider.

2. Proposals

2.1. The County Council is still dealing with the COVID 19 crisis and any programme of scrutiny work needs to be able to adapt to constantly changing situations. It is suggested that the Committee considers their work plan and agrees any items for future scrutiny work.

2.2. In considering any work programme the Committee should consider the following:

- Is this something that the County Council has the power to change or influence
- How this work could engage with the activity of the Cabinet and other decision makers, including partners such as the Norfolk Resilience Forum
- What the benefits are that scrutiny could bring to this issue?
- How the committee can best carry out work on this subject?
- What the best outcomes of this work would be?

2.3. The Centre for Governance and Scrutiny has recently published a '[Guide to Work Planning]' which the Committee may wish to consider when looking at future topics for scrutiny.

3. Resource Implications

3.1. **Staff:**

The County Council is still dealing with the COVID crisis and the focus for Officers will be in supporting this work. Some Officers may be redeployed from their current roles elsewhere to support ongoing work during the pandemic and the Committee may need to be mindful of focusing requests on essential information at this time.

3.2. **Property:**
None

3.3. **IT:**
None

4. Other Implications

4.1. **Legal Implications:**

The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 ("the Regulations") sets out the framework for Councils to hold Council meetings remotely.

4.2. **Human Rights implications**
None

4.3. **Equality Impact Assessment (EqIA) (this must be included)**
None

4.4. **Health and Safety implications** (where appropriate)
None

4.5. **Sustainability implications** (where appropriate)
None

4.6. **Any other implications**
None

5. Risk Implications/Assessment

5.1. None

6. Select Committee comments

6.1. Select Committees have received updates on COVID, addressing the response from their own service areas. The Scrutiny Committee should take into consideration any future comments raised by the Select Committees regarding their own forward work plans to avoid duplication. Forward work plans are attached as follows:

Corporate Select Committee
Infrastructure and Development Select Committee
People and Communities Select Committee

7. Recommendation

7.1. The Scrutiny Committee is asked to consider and agree the forward work plan and any future items for scrutiny

8. Background Papers

8.1. Centre for Governance and Scrutiny- 'Guide to Work Planning' – published November 2020

Cabinet Forward Plan of Key Decisions

Officer Contact

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

Officer name:	**Karen Haywood**	**Tel No:**	**01603 228913**
Email address:	**Karen.haywood@norfolk.gov.uk**		

IN TRAN communication for all

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Appendix A

Scrutiny Committee Forward Work Programme

Date	Report	Issues for consideration	Cabinet Member	Exec Director
17 February 21	**Norfolk County Council Revenue Budget 2021-22 and Medium Term Financial Strategy 2021-25**		Andrew Jamieson	Simon George
24 March 21	**Update on Peer Review** **Long term review of County Council wholly owned companies** **The work of the Corporate Board** **Report from Norfolk County Strategic Partnership Scrutiny Sub Panel**	Update on progress on the action plan agreed at Cabinet on 2 March 2020. This issue was postponed from the cancelled 17 March 2020 meeting. What is the stated purpose of the companies, how do they serve the Council's interests and future arrangements? Update on the role of the Corporate Board and how it fits into the County Council's decision-making process Update to Scrutiny Committee from Chair, Mark Kiddle Morris	Andrew Proctor	
28 April 21				

Issues to be added to the work programme:

- **Regional Schools Commissioner -** Report postponed from 17 March 2020 meeting
- **Flooding –** Update on issues raised at meeting on 27th January 2021 for consideration in Autumn 2021
- **Update on COVID** – Chair and Vice Chair to bring a programme back to Committee for consideration.