

# Scrutiny Committee

Date: **Wednesday 16 February 2022**

Time: **10 am**

Venue: **Council Chamber, County Hall, Martineau Lane,  
Norwich NR1 2DH**

## Membership:

|                             |                    |
|-----------------------------|--------------------|
| Cllr Steve Morpew (Chair)   |                    |
| Cllr Lana Hemsall (V Chair) |                    |
| Cllr Carl Annison           | Cllr Keith Kiddie  |
| Cllr Lesley Bambridge       | Cllr Ed Maxfield   |
| Cllr Graham Carpenter       | Cllr Jamie Osborn  |
| Cllr Nick Daubney           | Cllr Richard Price |
| Cllr Barry Duffin           | Cllr Brian Watkins |
| Cllr Mark Kiddle-Morris     |                    |

## Parent Governor Representatives

Mr Giles Hankinson  
Vacancy

## Church Representatives

Mrs Julie O'Connor  
Mr Paul Dunning

## Advice for members of the public:

This meeting will be held in public and in person.

It will be live streamed on YouTube and, in view of Covid-19 guidelines, we would encourage members of the public to watch remotely by clicking on the following link:

[https://www.youtube.com/channel/UCdyUrFjYNPfPq5psa-LFIJA/videos?view=2&live\\_view=502](https://www.youtube.com/channel/UCdyUrFjYNPfPq5psa-LFIJA/videos?view=2&live_view=502)

However, if you wish to attend in person it would be most helpful if, on this occasion, you could indicate in advance that it is your intention to do so. This can be done by emailing [committees@norfolk.gov.uk](mailto:committees@norfolk.gov.uk) where we will ask you to provide your name, address and

details of how we can contact you (in the event of a Covid-19 outbreak). Please note that public seating will be limited.

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

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

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

### **2. Minutes**

**(Page 5)**

To confirm the minutes of the meetings held on 27 January 2022

### **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](mailto:committees@norfolk.gov.uk)) by **5pm on Thursday 10 February**. 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](mailto:committees@norfolk.gov.uk)) by **5pm on Thursday 10 February 2022**

**7 The deadline for calling-in matters for consideration at this meeting of the Scrutiny Committee from the Cabinet meeting held on Monday 31 January 2022 was 4pm on Monday 7 February 2022 and none were received**

**8 Norfolk County Council Budget 2022-23 (Page 15)**

**Report by the Executive Director of Finance & Commercial Services**

**8A Appendix A – 2022-23 Revenue Budget and Medium Term Financial Strategy 2022-26 (Page 20)**

**8B Appendix B – Capital Strategy and Programme 2022-23 (Page 429)**

**8C Appendix C – Annual Investment and Treasury Strategy 2022-23 (Page 478)**

**9 Scrutiny Committee Forward Work Programme (Page 523)**

**Report by the Director of Governance**

County Hall  
Martineau Lane  
Norwich  
NR1 2DH

Date Agenda Published: 8 February 2022



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## Scrutiny Committee

Minutes of the Meeting Held on 27 January 2022  
at 10 am at County Hall Norwich

### Present:

Cllr Steve Morpew (Chair)

Cllr Lana Hemsall (Vice Chair)

Cllr Carl Annison

Cllr Lesley Bambridge

Cllr Barry Duffin

Cllr Phillip Duigan (Sub for Cllr Nick  
Daubney)

Cllr Mark Kiddle-Morris

Cllr Keith Kiddie

Cllr Ed Maxfield

Cllr Jamie Osborn

Cllr Richard Price

Cllr Brian Watkins

### Parent Governor representative

Mr Giles Hankinson

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

Cllr Margaret Dewsbury

Cllr Tom FitzPatrick

Cllr Greg Peck

Cllr Jamieson

Cllr Bill Borrett

Cabinet Member for Communities and Partnerships

Cabinet Member for Innovation, Transformation and Performance

Cabinet Member for Commercial Services and Asset Management

Cabinet Member for Finance

Cabinet Member for Adult Social Care, Public Health and  
Prevention

Cllr Tim Adams

Cllr for call in of Key Decision: ASSD Service Review –  
Transformation and Prevention in Adult Social Care.

Cllr Emma Corlett

Cllr for call in of Key Decision: ASSD Service Review –  
Transformation and Prevention in Adult Social Care.

Cllr Brenda Jones

Cllr for call in of Key Decision: ASSD Service Review –  
Transformation and Prevention in Adult Social Care.

Cllr Maxine Webb

Cllr for call in of Key Decision: ASSD Service Review –  
Transformation and Prevention in Adult Social Care.

Simon George

Executive Director of Finance and Commercial Services

Ceri Sumner

Director, Community, Information and Learning

Denise Saadvandi

Head of Service Adult Learning

Simon Hughes

Director of Property

Jeannine de Sousa

Capital Projects & Facilities Manager

James Bullion

Executive Director of Adult Social Services

Peter Randall

Democratic Support and Scrutiny Manager

Kat Hulatt

Head of Legal Services

Tim Shaw

Committee Officer

**1. Apologies for Absence**

- 1.1 Apologies were received from Cllr Graham Carpenter, Cllr Nick Daubney, Mrs Julie O' Connor (Church Representative) and Mr Paul Dunning (Church Representative)

**2 Minutes**

- 2.1 The minutes of the previous meetings held on 24 November 2021 and 15 December 2021 and the notes of the scrutiny meeting held on 15 December 2021 were confirmed as an accurate record and signed by the Chair.

**3. Declarations of Interest**

- 3.1 There were no declarations of interest,

**4 Urgent Business**

- 4.1 No urgent business was discussed.

**5. Public Question Time**

- 5.1 There were no public questions.

**6. Local Member Issues/Questions**

- 6.1 There were no local member issues/questions.

**7 Call In**

- 7.1 The Committee noted that there was one call in to be taken at item 8 of today's agenda.

**8 Call-In of Key Decision: ASSD Service Review – Transformation and Prevention in Adult Social Care.**

- 8.1 The annexed report (8) related to the call-in of the Cabinet decision of 12 January 2022: ASSD Service Review – Transformation and Prevention in Adult Social Care.

- 8.2 The Chair explained the way in which he would handle this item to best ensure a fair and balanced scrutiny process and to decide what (if any) issues the Committee would refer to the Cabinet. The options that were available to the Committee were set out in the report.

- 8.3 The Chair welcomed to the meeting Cllr Tim Adams, Cllr Emma Corlett, Cllr Brenda Jones and Cllr Maxine Webb the Councillors who had called in the item who explained the reasons for having done so. They asked questions of Cllr Bill Borrett (Cabinet Member for Adult Social Care, Public Health and Prevention) and of the officers that were present for the consideration of this item.

- 8.4 The issues that were considered by the Committee included the following:

- Those Cllrs who had called in the item asked the Committee to consider how the decision was made, how the claimed benefits would be accurately assessed, and how the proceeds would be ring-fenced within adult social care. They said that the call-in was about the process by which the decision was made and the financial and governance arrangements with Newton Europe. They also said there was no consultation with service users in advance of the decision taken by Cabinet. As a major strategic decision this should have been taken by Full Council and included an assessment of the information about Newton Europe available from Leicestershire. There was a significant risk to the Council in making a payment to Newton Europe of £6.5m and savings were not possible on this scale without service reductions.
- Those Cllrs who had called in the item also spoke about how this was a major strategic decision for the Council and should therefore be taken by Council not Cabinet. Also, the role of Select Committees was to develop policy framework and review performance in relation to policy objectives and targets but this was not done. The effectiveness of Newton Europe's work with Councils in Leicestershire needed due consideration based on reports last month that over 2,500 residents in that county were awaiting assessments of their social care needs, despite implementing a Target Operating Model designed with Newton Europe.
- The Cabinet Member for Adult Social Care, Public Health and Prevention and the Executive Director said that the proposal was about how ASSD could better align its Front Door strategy, including managing ASSD demand, with its overall outcomes and the Promoting Independence Strategy (the current Adult Social Care Strategy) which was agreed by the Adult Social Care Committee in 2017. The Strategy had not been rewritten since then and remained essentially the same. It was for this reason that the Cabinet Member had not consulted with the Chair of the People and Communities Select Committee about the proposal before the publication of the Cabinet papers.
- In reply to questions the Cabinet Member and the Executive Director said that the proposal was an invest to save project. It was just one policy strand of several other areas of the Promoting Independence Strategy. The relevant skill sets that supported change existed both inside and outside ASSD, but very limited capacity inside ASSD prevented progress without a partnership with another organisation such as Newton Europe. ASSD was not designed to bring about the level of change that was required on its own.
- In reply to further questions, it was explained why the involvement of Newton Europe was a "partnership" and that this did not imply that it was intended to outsource delivery or governance of Adult Social Care. ASSD was committed to the co-design of its services and to making the benefits of its Front Door strategy accessible to all service users.
- Several other councils across the country were taking a similar approach to that being taken by the County Council.

- The Chair said that the Select Committee would have “added value” to the proposal if they had been given an opportunity to examine the alternatives, the specifications for working with Newton Europe and to influence the decision.
- The Cabinet Member for Adult Social Care, Public Health and Prevention said that this project was being treated in the same way as other invest to save projects that came before Cabinet. The £6.5m was not available for alternative uses and was only available as a spend to save project arising from these specific service changes.
- The Cabinet Member for Innovation, Transformation and Performance said that the decision was partly about improving the digital means whereby the public communicated with the Council and it would have been wrong for the procurement process to have been influenced by individual Councillors.
- The Executive Director said that the procurement process for the selection of Newton Europe had involved a formal selection process. The fee was based on payment by results and 100% contingent on savings being evidenced. Every £1 paid to Newton Europe had to have at least £1.50 in savings. The contract would be paid monthly and will be audited. Newton Europe would over the life of the contract be transferring skills and expertise to ASSD and Corporate Transformation staff.
- Periodic progress reports would be made to the Cabinet and the Select Committee. The ownership of key decisions would remain with the Council.
- At the end of the debate (and before a motion was formally put to the Committee) the Chair said that it was unclear how many policies still existed within the Council’s Major Policy Framework that preceded the introduction of the Cabinet system and had not been refreshed or reviewed or reached a “sell by” date placed on them. This important question needed to be answered outside of this meeting and perhaps was a matter for the Corporate Select Committee to examine.

8.5 It was then moved and duly seconded that the Committee refer the decision back to Cabinet so that they could be asked to seek the views of the Select Committee and consult with service users before making the decision. Furthermore, Cabinet should be asked to publish the full diagnostic evidence for their decision, the methodology behind the triggering of payments to Newton Europe and take steps to ensure that any savings remained in the ASSD budget.

**On being put to the vote the motion was LOST on a show of hands**

**It was then RESOLVED on a show of hands**

**That the Committee notes the call in but takes no further action.**

### **Holocaust Memorial Day**

At this point in proceedings, because this was Holocaust Memorial Day, Members of the Committee and others who were present in the meeting joined in one minute

of silence with communities around the world to remember the millions of people killed in the Holocaust, under Nazi persecution and the genocides which had since taken place in Cambodia, Rwanda, Bosnia, and Darfur.

## **9 Review of the performance of the Adult Learning Service**

9.1 The Committee received the attached report (9) about the performance of the Adult Learning Service, an Ofsted-rated 'Good' Further Education Adult and Community Education provider, that is externally funded through grant funding from central Government through the Department for Education's Education and Skills Funding Agency (ESFA) and tuition fee income.

9.2 During discussion of the report with Cllr Margaret Dewsbury (Cabinet Member for Communities and Partnerships) and the officers who were present for the consideration of this item the following key points were noted:

- The Cabinet Member explained the ongoing transformational journey of the Adult Learning Service in adapting to changes brought about by the pandemic and the impressive way in which the Service had adapted to online learning.
- The latest feedback from service users had shown that 97% of learners were satisfied with their courses (at a time of national lockdown when services were being delivered in restricted circumstances) and that 86 % of learners had achieved a positive outcome from their learning.
- Less than 200 learners dropped out of adult learning courses at the start of the pandemic, when courses moved online although there were a few areas of the Adult Learning Curriculum that could not be accessed on-line and had to be suspended.
- In the current academic year (in Sept 2021) some 50 % of courses remain available on-line. Some of the courses that were run in person remained restricted by social distancing rules.
- In future the Service aimed to provide a hybrid service model whereby on-line services were provided in combination with classroom learning.
- The Service was highly regarded nationally and had achieved two prestigious awards which were listed in the report.
- The Service was aiming for its next self-assessment and next Ofsted report to show it to be outstanding.
- The Service was in tune in with the strategic direction of the Council and that of other public sector bodies. This was achieved by working jointly with (amongst many others) libraries and museums teams and learning teams within Children's Services and the Careers Service.
- In reply to questions, it was noted that the achievement rates for those undertaking courses to become teaching assistants in Norfolk's schools would be shared with Cllrs after the meeting.
- In the last 12 months 79 people had completed an apprenticeship with adult education, a figure that was expected to triple over the next 2-3 years.

- Councillors stressed the importance of providing qualifications and apprenticeship courses for the construction industry that included the learning of retrofitting skills. In reply officers said that the construction offer within the Adult Learning Curriculum was new from January 2022 with 123 learners having started on a basis level course and that Adult Learning intends to develop into qualifications and environmental sustainability programmes in the 2022/23 academic year.
- The Service had secured over £500,000 from the community renewal fund to provide for two construction hubs in Norwich and King's Lynn which would provide construction training, including the training of retrofitters. The curriculum manager for these courses was taking a lead in working with the awarding body to develop the qualifications in retrofitting that were needed for the future. The LEP and District Councils were fully in support of the training provided for those looking to work in all aspects of the construction industry.
- In reply to questions from the Chair about how the success of the Council's digital inclusion strategy depended on the Service taking steps to address a lack of basic Maths and English literacy skills in some disadvantaged communities' officers said that the service is embedding digital skills into its English and maths learning programmes.
- The Vice Chair spoke about the importance of the work undertaken by the Service in bridging the skills gaps for those with protected characteristics. Throughout the pandemic the service had actively targeted Norfolk's most disadvantaged communities.

### 9.3 **RESOLVED**

- **That Scrutiny Committee place on record their thanks and congratulations to the Adult Learning Service staff on the exceptional performance of the Service.**
- **That the Committee also place on record thanks to the officers who attended the meeting for this item for their helpful and informative answers to Councillors questions.**

## 10 **Major Estate renovation projects and consolidation of office space**

10.1 The annexed report (10) was received.

10.2 The Committee received a report from the Director of Property that explained how the Corporate Property Team (CPT) had gone about the repair and refurbishment of the County Hall building to provide safe and secure accommodation for staff and visitors. One of the early key actions taken by the CPT was the establishment of The Total FM approach whereby all the facilities management functions of the County Council were centrally coordinated, using properly procured suppliers for professional, maintenance and cleaning services. This had established appropriate workmanship standards, provided a consistent level of service, ensured statutory testing/servicing was undertaken as well as achieving significant savings.

10,3 During discussion of the report with Cllr Greg Peck (Cabinet Member for Commercial Services and Asset Management), Cllr Tom FitzPatrick (Cabinet Member for Innovation, Transformation and Performance) and the officers who were present for the consideration of this item the following key points were noted:

- The Cabinet Member said that prior to the decision made in 2012 to undertake a major programme of repairs and refurbishment to the County Hall building it had suffered from historic under investment. As the project to renovate the building had progressed examples of poor workmanship and of underinvestment became apparent.
- The latest work on the north wing of the building was a 20- month project, completed in 8 months and delivered under budget.
- Following the completion of the refurbishment work in December 2021, the County Hall building was fit for the 21st century, environmentally friendly and accessible to everyone, allowing for colocation of services and better use to be made of the building. This had resulted in a better environment for disabled people wanting to work for the County Council.
- The Cabinet Member thanked the contractor, Mace, for the professional way in which they had completed the maintenance work. The Committee placed on record thanks the Corporate Property Team (CPT) and to Jeannine de Sousa for overseeing the work and for the successful conclusion of the project.
- The Committee noted the building work was awarded and short listed for numerous prestigious awards. The Total FM approach adopted by the CPT would ensure that County Hall maintenance was undertaken in a timely way and help protect the capital investment made over the last few years.
- Cllrs spoke about how the original report and building of county hall had been a long time ago and too long ago to unpick what happened at that time but lessons needed learning, and for the future it looked like they had.
- Cllrs were asked to feedback comments about the maintenance of County Hall to the Norse help desk (details about how to do this would appear in the next member briefing).
- It was pointed out that the Council was committed to a procurement framework to decarbonise buildings. The use of gas in County Hall had reduced by 73% since 2011. Electricity usage had reduced by 11% over the same period.
- Cllrs spoke about how a new policy framework for carbon reduction at County hall should also apply to carbon reduction programmes at the Norfolk Record Office.
- Cllrs also spoke about how access improvements at County Hall should allow for further improvements in walking and cycling and bus routes into County Hall.

10.4 **RESOLVED**

- **That the Committee place on record thanks to Simon Hughes, Jeannine de Sousa and other members of the Corporate Property Team (CPT) for the professional way in which they have gone about the repair and refurbishment of the County Hall building and for putting in place a proactive maintenance schedule for the building that will help protect the capital investment made over the last few years.**

## **11 Provisional Local Government Finance Settlement 2022-23**

11.1 The annexed report (11) was received.

11.2 The Committee discussed with Cllr Jamieson (Cabinet Member for Finance) and Simon George (the Executive Director of Finance and Commercial Services) a report that updated Councillors on details surrounding the Provisional Local Government Finance Settlement 2022-23 announced by central government on 16 December 2021, outlining implications for the wider NCC budget setting process for 2022-23.

11.3 During discussion the following points were made:

- The Provisional Local Government Settlement was for one year only (2022-23). This was disappointing given the comments made by the Chancellor about multi-year settlements at the time of the Spending Review/Budget 2021.
- Government formulas for assessing future local government spending levels were complex and based on an assumption that council tax would increase by 2.99%.
- The settlement for 2022-23 was expected to be a roll-over of previous main funding elements with the new home bonus based on a government calculation expected to be slightly higher than the figure mentioned in the report.
- The ring-fenced public health grant would be essential for the services that the Council provided.
- There was nothing mentioned in the provisional settlement about net zero carbon targets.
- The Council was assessing the costs new zero carbon targets which were expected to be shared with Councillors after the next Council meeting.

11.4 After further detailed discussion it was:

### **RESOLVED**

**That the Committee:**

- **Note the update provided on the Provisional Local Government Settlement for 2022-23, considering implications for NCC; and**

- **Note that Cabinet will consider the implications of the settlement in the context of the proposed 2023-24 Budget when it meets on 31 January 2022 and Scrutiny Committee will have an opportunity to further consider this issue when it meets on 16 February 2022.**

## **12 Scrutiny Committee Forward Work Programme**

12.1 The annexed report (12) was received.

12.2 The Democratic Support and Scrutiny Manager drew Cllrs attention to changes in the work programme previously reported to the Committee which were highlighted in the appendices to the report.

### **12.3 RESOLVED**

**That the Committee:**

- **Note the revised forward work programme as set out in the appendix to the report.**
- **Note changes to the Scrutiny Committee forward work programme format**

The meeting concluded at 2.08 pm

**Chair**



# Scrutiny Committee

Item No:8

**Report Title:** Norfolk County Council Budget 2022-23

- *Norfolk County Council Revenue Budget 2022-23 and Medium Term Financial Strategy 2022-26*
- *Capital Strategy and Programme 2022-23*
- *Annual Investment and Treasury Strategy 2022-23*

**Date of Meeting:** 16 February 2022

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

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

## Executive Summary

Over the course of the 2021-22 financial year, the Scrutiny Committee has considered a number of items relating to development of the council's 2022-23 budget. The appended reports (presented to Cabinet at the meeting held on the 31 January 2022) represent the final stages of the budget setting process. This item supports the Scrutiny Committee in its duty to provide oversight and challenge to the council's process for developing the 2022-23 budget.

## Action Required

The committee is asked to:

1. Consider and comment on the suite of 2022-23 budget reports presented to Cabinet on 31 January as appended to this report, with particular focus on the Cabinet recommendations to County Council in relation to:
  - The Norfolk County Council Revenue Budget 2022-23 and Medium Term Financial Strategy 2022-26
  - The Capital Strategy and Programme 2022-23
  - The Annual Investment and Treasury Strategy 2022-23

## 1. Background and Purpose

- 1.1 Over the course of the 2021-22 financial year, the Scrutiny Committee has considered the development of the 2022-23 Budget at various stages in the process – providing challenge where appropriate and laying the groundwork for further Scrutiny. In particular, the Committee has considered the following items:

- 21 July 2021: Initial update on the budget setting timeline and wider financial context surrounding development of the 2022-23 budget and the broad areas proposed for savings development.
  - 24 November 2021: A high level outline of savings proposals for 2022-23 and the agreed approach to public consultation, along with an overview of key risks, pressures and uncertainties.
  - 27 January 2022: Update on Provisional Local Government Settlement for 2022-23.
- 1.2 This paper and associated documents represent the culmination of the budget setting process, building on previous reports to support effective member challenge of strategic and financial planning and the proposed Budget for the 2022-23 council year.
- 1.3 At the meeting held on 31 January 2022, Cabinet considered the following appended reports:
- **Appendix A** – proposed 2022-23 Revenue Budget, level of council tax and forecast Medium Term Financial Strategy Position.
  - **Appendix B** – proposed Capital Programme, updated to include any new schemes added up to 2022-2027+.
  - **Appendix C** – The Annual Investment and Treasury Management Strategy, including prudential indicators for 2022-23.
- 1.4 The above reports were recommended to Full Council for consideration. At the meeting 31 January 2022, Cabinet considered two options in relation to the level of council tax and recommended an increase of 2.99% for 2022-23 (recommendation 6)d)ii) in the Revenue Budget report). At the meeting scheduled for Monday 21 February, the County Council will consider Cabinet's recommendations in order to set the Revenue Budget and level of council tax for 2022-23 and agree the proposed Capital Programme and Treasury Management Strategy for 2022-23.

## 2. Proposal

- 2.1 The appended reports as agreed by Cabinet at its meeting 31 January 2022 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 Scrutiny Committee may wish to consider these:

### **Revenue Budget:**

- background to planning for the 2022-23 Revenue Budget, including the wider funding context for the County Council;

- growth and savings proposals for budget planning in both the 2022-23 Revenue Budget and the Medium Term Financial Strategy for 2023-24 to 2025-26;
- overall level of council tax in 2022-23 including the Adult Social Care precept;
- 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 2022-23 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 (2022-23) 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 reflect the provisional Local Government Finance Settlement 2022-23 published 16 December 2021, and (at the time of writing) the latest available District Council (billing authority) forecasts of council tax and business rates. The Cabinet Revenue Budget report sets out how any variations in these forecasts are proposed to be addressed in recommendation 1. Any updated information from the Final Local Government Finance Settlement, or revised District Council forecasts in respect of council tax and business rates, will be set out in the Executive Director's covering report to Full Council.

### **4. Impact of the Proposal**

- 4.1 Highlighted in appended reports.

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

- 5.1 Highlighted in appended reports.

## **6. Alternative Options**

6.1 Highlighted in appended reports.

## **7. Financial Implications**

7.1 Highlighted in appended reports.

## **8. Resource Implications**

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

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

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

## **9. Other Implications**

9.1 **Legal Implications:** Highlighted in appended reports.

9.2 **Human Rights Implications:** Highlighted in appended reports.

9.3 **Equality Impact Assessment (EqIA) (this must be included):** Highlighted in appended reports. A full EQIA has been undertaken in respect of saving proposals for 2022-23 and is included within the Revenue Budget report. The EQIA has been considered by Cabinet in making its recommendations to County Council as part of the budget process.

9.4 **Data Protection Impact Assessments (DPIA):** Highlighted in appended reports.

9.5 **Health and Safety implications (where appropriate):** Highlighted in appended reports.

9.6 **Sustainability implications (where appropriate):** Highlighted in appended reports.

9.7 **Any Other Implications:** Highlighted in appended reports.

## **10. Risk Implications / Assessment**

10.1 Highlighted in appended reports.

## 11. Select Committee Comments

11.1 Select Committees have considered and commented on the Revenue Budget at various points in the process as highlighted in appended reports.

## 12. Recommendations

The Committee is asked to:

1. Consider and comment on the suite of 2022-23 budget reports presented to Cabinet on 31 January as appended to this report, with particular focus on the Cabinet recommendations to County Council in relation to:
  - The Norfolk County Council Revenue Budget 2022-23 and Medium Term Financial Strategy 2022-26
  - The Capital Strategy and Programme 2022-23
  - The Annual Investment and Treasury Strategy 2022-23

## 13. Background Papers

13.1 As listed in appended reports.

### Officer Contact

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

**Officer name:** Titus Adam

**Telephone no.:** 01603 222806

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



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**Scrutiny Item No:  
8A**

**Decision making report title: 2022-23 Revenue Budget and Medium Term Financial Strategy 2022-26**

**Date of meeting: 31 January 2022**

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

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

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

**If this is a key decision, date added to the Forward Plan of Key Decisions: 26 February 2021**

### **Introduction from Cabinet Member**

The five interlinked priorities set out in the new [\*Better Together, For Norfolk\*](#) strategy lie at the heart of Norfolk County Council's proposed 2022-23 Budget. These key priorities – a vibrant and sustainable economy; better opportunities for children and young people; healthy, fulfilling and independent lives; strong, engaged and inclusive communities; and a greener, more resilient future – are clearly embedded in the proposed spending priorities within this Budget. In this way, the Budget can be seen as an evolution of the current year's plans, with a sharp focus on delivering the Council's ambitions for the county, its people, communities, and businesses. The Budget provides the resources necessary for the Council to continue to provide the services which give children and young people the best start in life, support vulnerable and older people, maintain and develop our highways and transport network, provide library, waste disposal and fire services, and work in partnership to grow the economy.

Moving into 2022-23, the Council continues to face unprecedented cost pressures and material uncertainty about the wider financial operating environment. COVID-19, and its legacy, represents a significant challenge for service delivery and public finances as the Council works to rebuild and revitalise the County. Concurrently, some of the main challenges faced before COVID-19 are still present, or have been exacerbated, including population changes, social, economic and health inequalities, rising demand for services and support, workforce challenges in key sectors such as the care market, government policy changes, funding reductions and the impact of continued financial constraints.

In this context, the 2022-23 Budget has been developed to address the multiple impacts of rising budget pressures, challenges in delivering saving proposals, uncertainty over income streams including Government funding, and the financial challenges associated with the recovery following COVID-19. It is therefore noteworthy that a robust and balanced budget can be proposed based on a council tax increase of 2.99% as detailed within this report. The Council has a statutory requirement to set a balanced Revenue Budget. Accordingly, Norfolk County Council is due to agree its budget for 2022-23, and Medium Term Financial Strategy to 2025-26, on 21 February 2022. The proposed 2022-23 Budget sees the Council making a further significant investment in maintaining levels of service delivery, and proposes that a robust, balanced budget can be set based on an increase of 2.99% increase in Council Tax for the forthcoming year, leading to an increase in the overall Net Revenue budget of £25.231m to £464.325m.

Looking ahead, the budget gap for 2023-24 identified in the updated Medium Term Financial Strategy is materially higher than the gap closed for this year's Budget. Simultaneously, there is major uncertainty linked to Government's plans to reform local government funding during 2022 (for 2023-24) and linked to the delivery of the levelling up agenda. While the Council's past success in delivering a balanced budget, coupled with a robust budget planning approach, provides a solid platform for development, it is prudent to begin planning for 2023-24 as early as possible.

Cabinet recognised this in November 2021, when it agreed to undertake a full review of how the Council operates to deliver its future services and strategy. This work has commenced with an initial assessment of organisational structures and ways of working, with recommendations to be provided about how to take cost out of the organisation whilst safeguarding the stability and sustainability of services, and building capability to continue to transform how services are delivered within a context of more collaborative working across the Norfolk system of public services. While it would be too early to build robust savings into the Medium Term Financial Strategy, the potential savings opportunity is estimated to be in the order of £10-15m for 2023-24, which will make a material contribution to closing the forecast gap. The proposed 2022-23 Budget and MTFS also includes a percentage of anticipated savings set out in the ASSD Service Review – Transformation and Prevention in Adult Social Care recently approved by Cabinet; the recognition of subsequent benefits, once this plan is fully developed, and change being delivered will be another key element of the 2023-24 Budget.

Reflecting these considerations, this report proposes a Budget planning cycle for 2023-24 commencing in April 2022 and incorporating a full review of how the Council operates to deliver its future services and strategy. As part of this, a thorough interrogation of identified future cost pressures will also be required. It is particularly important to recognise that the 2022-23 position has been supported through significant one-off measures including use of reserves, which will represent a major challenge to be addressed in future years.

As part of the 2022-23 Budget process, 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. In view of the significant impact of

COVID-19 on all local authority finances, and the wider uncertainty around finances, in order to develop the 2022-23 Budget, the Council has:

- reviewed performance in the delivery of savings during 2021-22;
- considered the over and underspend positions within the current year, 2021-22, 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 2022-23 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 associated cost pressures will extend into the next financial year;
- considered the implications of Government's wider (non-COVID-19) funding announcements as part of the Spending Review and provisional Settlement;
- developed new savings proposals for 2022-23 and beyond;
- considered the need for further investment to support service delivery; and
- re-assessed the deliverability and timing of existing planned savings for 2022-23 onwards.

The proposals set out in these reports will enable the Council to close the previously identified gap for 2022-23, as well as addressing the significant additional pressures which have emerged through the budget setting process. The gap has been driven principally by increasing levels of demand, demographic changes, inflationary and market pressures, and statutory changes (some of which are linked in part to COVID-19), as well as the cessation of short term exceptional COVID-19 support funding.

The 2022-23 Budget provides for the Council to make further significant investment, while addressing continuing severe pressure on services, including:

- Adults: £35.478m of growth pressure (including for the National Living Wage), against planned savings of £10.465m.
- Children's: £23.244m of growth pressure, against planned savings of £12.088m.
- Community and Environmental Services: £10.053m of growth pressure, against planned savings of £3.496m.
- Significantly, these investments are supported by one-off Corporate provision from reserves of £18.000m in 2022-23.

Overall, the Budget therefore includes service growth pressures of over £68m, representing a continued sustained and significant investment in maintaining and strengthening the Council's key services.

The 2022-23 Budget has been prepared using planning assumptions based on information from the Spending Review announced 27 October 2021 and the provisional Settlement 2022-23 announced 16 December 2021 in order to inform the financial and planning context for the County Council for 2022-23. 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 early February 2022. In this context, the appended reports

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summarise the saving proposals for 2022-23 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.

Also appended is the feedback received to consultation on a proposal for an increase in the level of council tax and Adult Social Care precept for 2022-23 (consultation was undertaken based on a proposed increase of 2.99% overall), a summary of wider comments received on the Council's saving proposals, and the findings and mitigating actions proposed from 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 2022-23 and the financial strategy to 2025-26, in order to recommend these to County Council when it meets on 21 February 2022 to agree the final budget and Medium Term Financial Strategy for 2022-26.

Taking into account the Council's overall budgetary position, consultation responses, Cabinet's objectives for the Budget, and the recommendations 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 two options for the Adult Social Care precept in 2022-23, either 1.00% or 2.00% giving a total council tax increase of either 2.99% or 3.99%. These would be within the provisional referendum thresholds outlined by the Government at the time of the Spending Review and in the provisional Settlement.

## **Executive Summary**

Appended to this report are a set of papers which support the Council's Revenue Budget decisions for 2022-23.

- Appendix 1: Norfolk County Council Revenue Budget 2022-23
- Appendix 2: Medium Term Financial Strategy 2022-23 to 2025-26
- Appendix 3: Statement on the Adequacy of Provisions and Reserves 2022-23 to 2025-26
- Appendix 4: Statement on the Robustness of Estimates 2022-23 to 2025-26
- Appendix 5: Findings of Public Consultation
- Appendix 6: Equality Impact Assessment

Collectively, these papers provide an overview of the Council's strategic and financial planning for 2022-23 to 2025-26 and set out 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' (s151 Officer's) statutory assessment of the robustness of the overall budget. In particular, the papers:

- explain the background to planning for the 2022-23 Revenue Budget, including the wider funding context for the County Council;

- set out the growth and savings proposals for budget planning in both the 2022-23 Revenue Budget and the Medium Term Financial Strategy (MTFS) for 2023-24 to 2025-26;
- present two options for the overall level of council tax in 2022-23 – either 2.99% or 3.99%, setting out the implications of these for the MTFS position;
- set out forecasts of the level of reserves and provisions across the life of the MTFS;
- provide the Executive Director of Finance and Commercial Services' view on the robustness of the estimates used in the preparation of the 2022-23 Budget; and
- outline the findings of public consultation and equality 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 2022-23 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. In recognition of the significant budget gap forecast for 2023-24, and to enable a final balanced Budget position to be recommended to County Council, Cabinet is asked to agree the following principles:**
  - a) that any additional resources which become available will be used to phase the use of one-off funding over 2022-23 and 2023-24, or**
  - b) that 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 [Section 14 of Appendix 1](#) and in full 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 impact 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 Local Government Settlement for 2022-23 as detailed in [Section 3 of Appendix 1](#).
- 5) To note that the Council has agreed to establish a Business Rates Pool for 2022-23 on the terms previously reported to Cabinet in November 2021 and as set out in [Section 6 of Appendix 1](#).
- 6) 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 2022-26.
  - b) The general principle of seeking to increase general fund balances as part of closing the 2021-22 accounts and that in 2022-23 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 2022-23 Budget ([Appendix 1](#)).
  - d) To note the advice of the Executive Director of Finance and Commercial Services (Section 151 Officer), in [Section 5 of Appendix 1](#), on the financial impact of an increase in council tax and the sustainability of the Council's medium term position, and that

**EITHER:**

- i) as recommended by the Executive Director of Finance and Commercial Services, the Council's 2022-23 Budget will include a general council tax increase of 1.99% and a 2.00% increase in the Adult Social Care precept (including the deferred element of the 2021-22 Adult Social Care precept), an overall increase of 3.99% (shown in [Section 5 of Appendix 1](#)), resulting in an overall County Council Net Revenue Budget of £468.824m for 2022-23, including budget increases of £93.653m and budget decreases of -£63.924m as set out in [Table 13 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. This would result in a budget gap of £50.740m to be addressed for 2023-24, and £89.191m over the life of the Medium Term Financial Strategy.

**OR:**

- ii) the Council's 2022-23 Budget will include a general council tax increase of 1.99% and a 1.00% increase in the Adult Social Care precept (being the deferred element of the 2021-22 Adult Social Care precept), an overall increase of 2.99% (shown in [Section 5 of Appendix 1](#)), resulting in an overall County Council Net Revenue Budget of £464.325m for 2022-23, including budget increases of £89.154m and budget decreases of -£63.924m as set out in [Table 13 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. This would result in a budget gap of £59.920m to be addressed for 2023-24, and £94.255m over the life of the Medium Term Financial Strategy.

- e) The budget proposals set out for 2023-24 to 2025-26, including authorising Executive Directors to take the action required to deliver budget savings for 2023-24 to 2025-26 as appropriate.
- f) With regard to the future years, to undertake a full review of how the Council operates to deliver its future services and strategy in view of the significant budget gap to be addressed for 2023-24 as set out in [Section 4 of Appendix 1](#), and that further plans to meet the remaining budget shortfalls in the period 2023-24 to 2025-26 are developed and brought back to Cabinet during 2022-23.
- g) Noting Government's historic assumptions that local authorities will raise the maximum council tax available to them, and that the final level of council tax for future years is subject to Member decisions annually (informed by any referendum principles defined by the Government), to confirm, or otherwise, the assumptions set out in the Medium Term Financial Strategy ([MTFS Table 4 in Appendix 2](#)) that the Council's budget planning for 2023-24 onwards will include for planning purposes:
  - i) general council tax increases of 1.99%;
  - ii) Adult Social Care precept increases of 1.00%; and
  - iii) that if the referendum threshold were increased in the period 2023-24 to 2025-26 to above 1.99%, or any further discretion were offered to increase the Adult Social Care precept (or similar), the Section 151 Officer would recommend the Council take full advantage of any flexibility in view of the overall financial position.
- 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 2022-23 Budget, to make payments, to raise and repay loans, and to invest funds.
- i) To agree the Medium Term Financial Strategy 2022-26 as set out in [Appendix 2](#), including the two policy objectives to be achieved:
  - i) Revenue: To identify further funding or savings for 2023-24 to 2025-26 to produce a balanced budget in all years 2022-26 in accordance with the timetable set out in the Revenue Budget report ([Section 4 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 impact assessments ([Section 6 of Appendix 6](#)).

- k) Note the planned reduction in non-schools earmarked and general reserves of 55.67% over five years, from £136.590m (March 2021) to £60.547m (March 2026) ([Section 6 of 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 [Section 5 of Appendix 3](#):
  - i) for 2022-23, a minimum level of general balances of £23.268m, and
  - ii) a forecast minimum level for planning purposes of
    - 2023-24, £24.018m;
    - 2024-25, £25.018m; and
    - 2025-26, £26.018m.

as part of the consideration of the budget plans for 2022-26 and supporting these budget recommendations;

- n) Agree the use of non-school Earmarked Reserves, as set out in [Section 6 of Appendix 3](#).

## 1. Background and Purpose

- 1.1. Norfolk County Council's robust and well-established approach to medium term service and financial planning is based on the preparation of a rolling Medium Term Financial Strategy (MTFS), with an annual budget agreed each year.
- 1.2. The County Council agreed the 2021-22 Budget and MTFS to 2024-25 at its meeting 22 February 2021. Cabinet has since received reports through the year on the emerging 2022-23 Budget position and related matters. This report now sets out the final 2022-23 Budget proposals and associated MTFS to 2025-26 for Cabinet consideration and recommendation to Full Council. The report brings together a range of information to support Cabinet's consideration of how the proposals contribute to delivering an overall balanced budget for the whole Council, and all relevant factors to inform recommendations. To enable discussion of the budget position it:
  - Summarises details of Cabinet decisions to date;
  - Provides a summary of announcements made at the Spending Review 2021, Autumn Budget, and the Provisional Local Government Finance Settlement for 2022-23.
  - Summarises the latest position in relation to some of the significant uncertainties facing local government finances as a result of COVID-19 and other issues.
  - Sets out details of risks to the MTFS position for 2022-23 onwards.
  - Provides an overview of some of the key issues facing services in relation to their financial strategy, pressures, risks and uncertainties and details the saving proposals identified by each Service in order to contribute to setting a balanced Budget for 2022-23.

- Details the outcomes of Service Department and Corporate planning, the input from Scrutiny Committee and Select Committees during the year, and the results of public consultation and equality impact assessments.

1.3. During the budget setting process, Scrutiny Committee has considered the development of the budget. The Council's three Select Committees have also received reports on the broad approach to developing budget proposals for the services within their remit at meetings held in July, and detailed proposals at meetings in November. Select Committee comments on the Budget process are set out in Section 11.

## **2. Proposals**

2.1. This report and its appendices now set out the latest information on the financial and planning context for the County Council for 2022-23 to 2025-26. They summarise the pressures, changes and savings proposals for 2022-23 for all Departments, in order to present the proposed cash limited revenue budget of £464.325m (2.99%) or £468.824m (3.99%) The Budget report to Cabinet presents two options for the level of council tax, alongside the Executive Director of Finance and Commercial Services' advice about the implications of each option for the robustness of the Council's MTFS position. Whichever option is ultimately adopted, the work undertaken through the 2022-23 budget setting process has enabled the identification of robust savings and the proposed Budget continues the approach of previous years, reflecting significant investment into key service areas in order to address the cost pressures they face. In aggregate the proposed changes are expected to enable the Council to set a realistic, deliverable and balanced budget for 2022-23. Norfolk County Council is due to agree its new Budget and Medium Term Financial Strategy for 2022-23 to 2025-26 on 21 February 2022.

## **3. Impact of the Proposals**

3.1. The recommendations set out in this report are intended to enable Cabinet to recommend to Full Council a balanced budget and the level of council tax for 2022-23. 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 2021 and Provisional Settlement for 2022-23;
- contribute to the Council setting a balanced budget for 2022-23;
- inform future development of the 2023-24 budget and the MTFS beyond 2025-26; and
- provide the framework for the Council to prepare for potentially significant funding reform planned by Government for 2023-24, including (potentially)

the Fair Funding Review, the implications of the Government's emerging social care reform plans, and future funding levels as a whole by establishing a robust baseline.

- 3.2. 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 2023-24 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. The County Council continues to engage with Government, MPs and other stakeholders to campaign for adequate and sustainable funding for Norfolk to continue to deliver vital services to residents, businesses and visitors. Government announcements, including funding allocations for 2022-23 have informed financial planning assumptions, but concerns remain about ongoing COVID-19 costs, and the costs associated with reforms to social care in 2022-23 and beyond. The Council's MTFS planning builds on the position agreed in February 2021 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 2022-23 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 2022-23 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 2022-23 Budget as detailed within this report. The proposals in the report reflect a prudent response to the challenges and uncertainties present in the 2022-23 planning process and ultimately will support the Council to agree a robust budget for the year.

## **5. Alternative Options**

- 5.1. The papers appended to this report represent the culmination of the process to develop detailed budgets and savings proposals for 2022-23 to be recommended to Full Council and therefore forms a key part of the framework for developing the annual budget. At this stage 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 both the Budget and associated recommendations to Full Council, such as:

- Varying the level of council tax and/or Adult Social Care precept for 2022-23, 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.

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 2022 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. Financial implications are discussed throughout the report. 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 2022-23. 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 2022. If ultimately approved in the Budget, the proposals in this paper will require departments to deliver further significant savings.

6.2. The Council is legally required to set a balanced Budget annually and should plan to achieve this using a prudent set of assumptions. In the event that additional budget pressures, or any removal of savings for 2022-23 were identified by Cabinet or Full Council, there would be a requirement to identify equivalent further savings or increased income for 2022-23 to maintain a balanced Budget position.

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 2022-23 and other Government decisions. The provisional Settlement was announced 16 December 2021, but final figures remain to be confirmed in January or February. The implications of changes for future years, now expected to be implemented in 2023-24 (including a longer term funding settlement, and funding reforms potentially including the long-delayed Fair Funding Review),

remain the subject of very considerable uncertainty and although they have been reflected as far as possible in the Council's 2022-23 planning processes, these impacts will need to be refined as further information is made available by Government.

- 6.4. The Government's decisions about Council funding in 2023-24 will be hugely significant. The continuing course of the economy's pandemic recovery, annual Government budgets, local government funding reform and others may all offer opportunities to adequately fund local authorities to provide vital services and contribute towards the national recovery. While initial indications are that the recently announced Social Care funding reform may not represent the panacea which might have been hoped for, further details and implications remain to be fully understood. Any changes in Government funding could have a material impact on both the level of savings to be identified, and the Council's wider budget process in future years. Fundamentally there remains a critical need for a larger quantum of funding to be provided to local government to provide a sustainable level of funding for future years.

## 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. Some assumptions around levels of capital receipts to be achieved in the 2021-22 Budget have been removed for 2022-23, although £1m of transformation activity within Adult Social Care (funded from flexible use of capital receipts) is expected to continue<sup>1</sup>.
- 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, which contribute to Smarter Working and transformational activity across the organisation. In particular savings for 2022-23 and beyond 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

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<sup>1</sup> In February 2021, Government announced a three-year extension from 2022-23 onwards of the existing flexibility for councils to use capital receipts to fund transformation projects that produce long-term savings or reduce the costs of service delivery. Further details on the extension have not yet been provided.

- 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 2022-23. 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. **Data Protection Impact Assessments (DPIA):** None.
- 8.4. **Health and Safety implications (where appropriate):** None.
- 8.5. **Sustainability implications (where appropriate):** 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 an Environmental Policy.

Existing 2022-23 budget plans include funding for activities which may have an impact on the environmental sustainability of the County Council through the delivery of the Environmental Policy. The MTFS currently assumes that cost pressures and capital schemes to achieve 2030 carbon neutrality detailed in the Environmental Policy are sufficient, however as set out in the report "*Natural Norfolk: Progress on delivering the Environmental Policy*" presented to Cabinet in November 2021, proposals to support the Council's move towards decarbonisation will have financial implications for the County Council. Therefore as far as possible, any cost pressures linked to environmental policy and carbon reduction activities are reflected in the Budget and Medium Term Financial Strategy presented to Cabinet in January 2022.

Individual proposals within the 2022-23 Budget may also have an impact on the environmental sustainability of the County Council, particularly proposals for ongoing provision of additional resources to respond to flooding, and those relating to embedding 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). In line with updates to the Council's Financial Regulations made in November 2021, where individual budget proposals relate to (re)procurement activity, the council will also review contracts as they become due for renewal, both to identify opportunities for direct carbon reduction and with regard to any indirect impacts of the supply chain.

Sustainability issues in relation to any new 2022-23 budget proposals will need to be further considered once initiatives are finalised as part of budget setting in February 2022.

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

## 9. Equality Impact Assessment (EqIA)

- 9.1. When exercising public functions, the Council must give due regard to the Public Sector Equality Duty.
- 9.2. Equality and rural impact assessments have therefore been carried out on all new proposals within the budget for 2022-23, and the proposal to increase council tax and the Adult Social Care precept. The assessments are set out in [Appendix 6](#).
- 9.3. As in previous years, the findings of public consultation (set out in [Appendix 5](#)) are part of the core evidence base informing the equality and rural assessments, and must be read alongside [Appendix 6](#).
- 9.4. Based on the evidence available, it is possible to conclude that the majority of proposals will likely have no disproportionate adverse impact on people with protected characteristics. Many of the proposals will likely have a positive impact on people with protected characteristics. This is largely due to the fact that the proposals are designed to promote greater independence, choice and dignity for service users, giving them more flexibility and control over their lives. These are priorities routinely highlighted as vital by the public in consultation.
- 9.5. 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.
- 9.6. Some of the mitigating actions will address the detrimental impacts identified in this report, but it is not possible to address all the impacts.
- 9.7. 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.
- 9.8. 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 2022-2023; 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.

9.9. Equality issues in relation to brought forward saving proposals were considered in the Equality Impact Assessment of the 2021-22 Budget.

9.10. The equality impact assessment of the Council's resilience and recovery planning for COVID-19 can be found [here](#).

## 10. Risk Implications/Assessment

10.1. A number of significant risks have been identified throughout the papers appended to this report. Uncertainties remain which could have an impact on the 2022-23 Budget. These include:

- Any further impact of COVID-19 on the budget in 2022-23, including in particular:
  - any ongoing cost pressures within service delivery and contracted services which have not currently been provided for, including the financial impact of any future lockdowns
  - future pressures on income particularly in relation to business rates and council tax
  - the implications of any measures implemented by Government to restore the national finances in the medium to longer term
- Ongoing uncertainty around local government (and wider public sector finances) including:
  - the need for a long term financial settlement for local government. Spending Review announcements in 2021 covered one year only, and as a result there remains high uncertainty about the levels of funding for 2023-24 and beyond. In particular, it is of major concern that Government continues to place significant reliance and expectations on locally raised income. If this trend persists, the financial pressures for 2023-24 and beyond may become unsustainable. There remains a specific risk in relation to longer term reform of local government funding and the potential Fair Funding Review, which are both now expected to impact on 2023-24 budget setting, in that a failure by the Government to provide adequate resources to fund local authorities could lead to a requirement for further service reductions, particularly where these result in a redistribution between authority types or geographical areas. Changing Government policies around the nature, role, responsibilities and requirements of Local Government may also represent an area of risk, as will changing expectations of the public, taxpayers and service users.
  - linked to this are risks around delivery of reforms to local government funding including actions to deliver “Levelling Up”, the Fair Funding Review, Adult Social Care funding reform, reforms to the Business Rates system, and changes to other funding streams including the New Homes Bonus
  - Further decisions about Local Government reorganisation.

10.2. At the time of preparing budget papers, the final Local Government Finance Settlement for 2022-23 remains to be confirmed and the overall level of government funding for next year therefore remains an area of limited risk. 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 2022-23, and this position will need to be kept under careful review throughout the remainder of the budget setting process.

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

- RM002 – The potential risk of failure to manage significant reductions in local and national income streams.
- RM006 – The potential risk of failure to deliver our services within the resources available for the period 2021-22 to the end of 2023-24.
- RM022b – Implications of Brexit for a) external funding and b) Norfolk businesses
- RM023 - Lack of clarity on sustainable long-term funding approach for adult social services at a time of increasing demographic pressures and growing complexity of need.
- RM031 – NCC Funded Children's Services Overspend

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

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

- 10.6. 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.
- 10.7. 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.

## 11. Select Committee comments

- 11.1. Following feedback on the 2021-22 process, as part of the development of the 2022-23 Budget, Select Committees have had two opportunities to consider and provide input to the Council's budget setting. In July 2021, Select Committees discussed the broad strategic approach to budget setting for the services within their remit, and then in November 2021 had an opportunity to comment on the detailed proposals for the 2022-23 Budget being taken forward for public consultation.
- 11.2. As part of their review of proposals in November, Select Committees considered the following points:
- [Corporate Select Committee](#) considered the implications of the Government Spending Review announcements, the funding challenges facing the Council, and the associated savings required. The Committee discussed specific proposals and commented on the need for a review and transformation of the delivery of services and functions. The Committee noted the key issues for the budget proposals for the services within its remit, and the requirement for a further £5m savings to be found across the Council.
  - [Infrastructure and Development Select Committee](#) considered the proposals for services within its remit and highlighted that increased income did not play a large role in the potential savings for 2022-23, although there were some proposals in this area. The Committee considered that many of the services within the Committee's remit could increase their income (for example museums and adult learning) but recognised that it had been a difficult two years and in the short term this could be challenging.
  - [People and Communities Select Committee](#) discussed the Government's approach to addressing the issue of Adult Social Care funding, the Council's

plans for the Adult Social Care precept in 2022-23, and the apportionment of saving targets within the Council. The Committee also considered and commented on the budget proposals for the services within its remit.

11.3. Full details of Select Committee discussions can be found within the meeting minutes.

## 12. Recommendations

12.1. Cabinet is recommended:

- 1) **To consider the statements regarding the uncertain planning environment, robustness of budget estimates, assumptions and risks relating to the 2022-23 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. In recognition of the significant budget gap forecast for 2023-24, and to enable a final balanced Budget position to be recommended to County Council, Cabinet is asked to agree the following principles:**
  - a) that any additional resources which become available will be used to phase the use of one-off funding over 2022-23 and 2023-24, or
  - b) that 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 [Section 14 of Appendix 1](#) and in full 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 impact 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 Local Government Settlement for 2022-23 as detailed in [Section 3 of Appendix 1](#).**

- 5) To note that the Council has agreed to establish a Business Rates Pool for 2022-23 on the terms previously reported to Cabinet in November 2021 and as set out in [Section 6 of Appendix 1](#).
- 6) 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 2022-26.
  - b) The general principle of seeking to increase general fund balances as part of closing the 2021-22 accounts and that in 2022-23 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 2022-23 Budget ([Appendix 1](#)).
  - d) To note the advice of the Executive Director of Finance and Commercial Services (Section 151 Officer), in [Section 5 of Appendix 1](#), on the financial impact of an increase in council tax and the sustainability of the Council's medium term position, and that

**EITHER:**

- i) as recommended by the Executive Director of Finance and Commercial Services, the Council's 2022-23 Budget will include a general council tax increase of 1.99% and a 2.00% increase in the Adult Social Care precept (including the deferred element of the 2021-22 Adult Social Care precept), an overall increase of 3.99% (shown in [Section 5 of Appendix 1](#)), resulting in an overall County Council Net Revenue Budget of £468.824m for 2022-23, including budget increases of £93.653m and budget decreases of -£63.924m as set out in [Table 13 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. This would result in a budget gap of £50.740m to be addressed for 2023-24, and £89.191m over the life of the Medium Term Financial Strategy.

**OR:**

- ii) the Council's 2022-23 Budget will include a general council tax increase of 1.99% and a 1.00% increase in the Adult Social Care precept (being the deferred element of the 2021-22 Adult Social Care precept), an overall increase of 2.99% (shown in [Section 5 of Appendix 1](#)), resulting in an overall County Council Net Revenue Budget of £464.325m for 2022-23, including budget increases of £89.154m and budget decreases of -£63.924m as set out in [Table 13 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. This would result in a budget gap

of £59.920m to be addressed for 2023-24, and £94.255m over the life of the Medium Term Financial Strategy.

- e) The budget proposals set out for 2023-24 to 2025-26, including authorising Executive Directors to take the action required to deliver budget savings for 2023-24 to 2025-26 as appropriate.
- f) With regard to the future years, to undertake a full review of how the Council operates to deliver its future services and strategy in view of the significant budget gap to be addressed for 2023-24 as set out in [Section 4 of Appendix 1](#), and that further plans to meet the remaining budget shortfalls in the period 2023-24 to 2025-26 are developed and brought back to Cabinet during 2022-23.
- g) Noting Government's historic assumptions that local authorities will raise the maximum council tax available to them, and that the final level of council tax for future years is subject to Member decisions annually (informed by any referendum principles defined by the Government), to confirm, or otherwise, the assumptions set out in the Medium Term Financial Strategy ([MTFS Table 4 in Appendix 2](#)) that the Council's budget planning for 2023-24 onwards will include for planning purposes:
  - i) general council tax increases of 1.99%;
  - ii) Adult Social Care precept increases of 1.00%; and
  - iii) that if the referendum threshold were increased in the period 2023-24 to 2025-26 to above 1.99%, or any further discretion were offered to increase the Adult Social Care precept (or similar), the Section 151 Officer would recommend the Council take full advantage of any flexibility in view of the overall financial position.
- 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 2022-23 Budget, to make payments, to raise and repay loans, and to invest funds.
- i) To agree the Medium Term Financial Strategy 2022-26 as set out in [Appendix 2](#), including the two policy objectives to be achieved:
  - i) Revenue: To identify further funding or savings for 2023-24 to 2025-26 to produce a balanced budget in all years 2022-26 in accordance with the timetable set out in the Revenue Budget report ([Section 4 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 impact assessments ([Section 6 of Appendix 6](#)).
- k) Note the planned reduction in non-schools earmarked and general reserves of 55.67% over five years, from £136.590m (March 2021) to £60.547m (March 2026) ([Section 6 of 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 [Section 5 of Appendix 3](#):

- i) for 2022-23, a minimum level of general balances of £23.268m, and
- ii) a forecast minimum level for planning purposes of
  - 2023-24, £24.018m;
  - 2024-25, £25.018m; and
  - 2025-26, £26.018m.

as part of the consideration of the budget plans for 2022-26 and supporting these budget recommendations;

n) Agree the use of non-school Earmarked Reserves, as set out in [Section 6 of Appendix 3](#).

## 13. Background Papers

13.1. Background papers for this report are listed below:

[Norfolk County Council Revenue and Capital Budget 2021-22 to 2024-25, County Council 22/02/2021, agenda item 5](#)

[Finance Monitoring Report 2020-21 Outturn, Cabinet, 07/06/2021, agenda item 13](#)

[Strategic and Financial Planning 2022-23, Cabinet, 05/07/2021, agenda item 17](#)

[Risk Management report, Cabinet, 06/09/2021, agenda item 14](#)

[Strategic and Financial Planning 2022-23, Cabinet, 08/11/2021, agenda item 17](#)

[Business Rates Pool – Annual Report 2020-21 and Pooling Decision 2022-23, Cabinet, 08/11/2021, agenda item 15](#)

Strategic and Financial Planning 2022-23 reports to November 2021 Select Committees:

- [Corporate Select Committee](#)
- [Infrastructure and Development Select Committee](#)
- [People and Communities Select Committee](#)

Finance Monitoring Report 2021-22 P8, Cabinet, 31/01/2022 (on this agenda)  
[Budget Book 2021-25](#)

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# Norfolk County Council Revenue Budget 2021-22

## 1. Introduction

- 1.1. The proposed Revenue Budget for 2022-23 is the culmination of an extensive programme of work through the course of the current financial year to validate unavoidable cost pressures, model changes in funding, and identify saving options. This process has been completed, once again, in the context of considerable uncertainty about the wider financial environment for local authorities. At both a national and local level, Government has been working to respond to the continuing impact of the COVID-19 pandemic, which has brought with it additional costs, reduced income and significant challenges to the delivery of savings.
- 1.2. While the Settlement funding provided in 2021-22 and 2022-23 (provisional) has begun to reverse the trend of year-on-year funding cuts for local government, it still falls a long way short of reversing the sustained level of reductions experienced since 2010-11. 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 £28.837m. 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 refreshed [vision and strategy](#), *Better Together, for Norfolk*, have informed the preparation of the Council's 2022-23 Budget and Medium Term Financial Strategy (MTFS).
- 1.3. Work through the course of 2021-22 has enabled the Council to prepare a robust, balanced Budget for 2022-23 as set out within this report. The proposals for 2022-23 close the budget gap of £39.037m identified in the 2021 Medium Term Financial Strategy and support the continued investment in key services. The Budget includes two options in relation to council tax increases for Cabinet to consider for recommendation to County Council; either a 3.99% increase in council tax or a 2.99% increase. Both options will enable a balanced 2022-23 position to be established, however the higher 3.99% increase supports a substantially more robust position for 2023-24 and is therefore the recommendation of the Section 151 Officer.
- 1.4. The latest estimate of the Council's overall budget position for 2022-23 as a result of the matters set out in this report, and other emerging issues, is detailed 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 on the following basis:

- a) that any additional resources which become available will be used to phase the use of one-off funding over 2022-23 and 2023-24, or
- b) that any income shortfall will be addressed from the Corporate Business Risk Reserve (to the extent possible).

## 2. Strategic Context

2.1. Twenty months into the Coronavirus pandemic, Norfolk finds itself facing another difficult winter with many of the usual pressures exacerbated by the pandemic. Currently, case numbers throughout the United Kingdom have reached successive highs; with particular concern attributed to the latest variant, Omicron, and the pressure it places on the NHS as well as other public services. Additional new restrictions have not yet been implemented, but further economic uncertainty is likely.

2.2. The economic downturn caused by COVID-19 caused widespread impacts. The economy made a strong recovery during 2021, getting close to pre-pandemic levels by September 2021 (although the rate of recovery has slowed in recent months), and Gross Domestic Product (GDP) is forecast to fully recover to pre-pandemic levels around the turn of the year. However, of more significant economic concern is the rise in inflation over the second half of 2021 which has seen rates of inflation more than double since July, to 5.4% (December 2021), as well as the ongoing disruption to supply chains, along with global shortages of key goods. Inflation in particular, has a significant impact on the Council's budget especially through commissioned services.

2.3. The Council has also seen increasing demand for some of our key services, which will be made worse by the impacts of coronavirus on our residents, especially those that are vulnerable. In particular, we have seen increased spending on social care services mainly due to additional complexity of cases following the pandemic and hospital discharges, and an increased rate of referrals into Children's Services.

2.4. Despite these challenges, Norfolk has taken the opportunity to learn valuable lessons from the pandemic and begin shaping its recovery. On 29 November 2021, Full Council adopted the refreshed strategy "[Better Together, For Norfolk](#)" which builds on leadership's ambitions for the county, but with a sharper focus on key priorities identified by residents and partners over the course of 2021. The refreshed strategy seeks to mitigate the significant impact of the past twenty months, both in terms of the changes to the lives of individuals but also in the ways in which Norfolk County Council works.

2.5. The strategy is structured around 5 key priorities which clearly demonstrate the organisation's level of ambition and intent to deal with key challenges:

1. **A vibrant clean and sustainable economy** – as well as growing the economy this is also about skills and creating high value jobs; growth and investment; infrastructure and digital connectivity.
  2. **Better opportunities for children and young people** – prioritising better opportunities for children and young people, raising educational attainment and creating better employment opportunities.
  3. **Healthy, fulfilling and independent lives** – supported by themes of levelling up health; Living Well; and Better Local Services.
  4. **Strong, engaged and inclusive communities** – a mix of urban, rural and coastal communities that we can support and empower.
  5. **A greener, more resilient future** – recognising our priorities for our physical environment and access to quality spaces and building community resilience.
- 2.6. A clear ambition for optimal service delivery is being set with the development of a Corporate Delivery Plan which outlines the key activities the Council will take to deliver its refreshed strategy and track its progress in doing so. This will ensure that Norfolk County Council is taking clear actions to deliver on the key priorities outlined above and provides a single point of reference for a whole-council view of the key activities. While the Corporate Delivery Plan will not be an exhaustive list of all the council does, it will provide a clear sense of how the organisation responds to changes in its operating environment to deliver significant activities successfully. The plan will also focus on operational effectiveness, looking at innovation in the Council's assets such as property, technology, and its workforce.
- 2.7. Local government does not operate in a vacuum, and the Council has been live to policy changes from Government, which are anticipated in the refreshed strategy. Although the Levelling Up White Paper has not yet been published, Norfolk County Council has sought to define what levelling up means for Norfolk. The Council's focus will be on how to best deliver those levelling up ambitions for Norfolk, and the possibility of a "County Deal" for Norfolk to help unlock opportunity for the County. The Council is committed to ensuring that Norfolk claims its fair share of investment to drive growth and prosperity in our local economy, and that it is not left behind.
- 2.8. The Health and Social Care White Paper; *People at the Heart of Care*, has made provision for a £5.4 billion settlement over the next three years by way of the Health and Social Care Levy, £3.6bn of this will make its way to local authorities, such as Norfolk. While the funding is a welcome building block to begin transforming this essential service, it will not remedy all the issues facing the sector, especially relating to the workforce and pay. The Health and Care Bill also brings the opportunity to shape a joined-up health, wellbeing, and social care system. Work is underway on the creation of an Integrated Care System (expected in July 2022), with county-level leadership and place-based partnerships working to tackle the wider determinants of health. We will welcome further discussions with Government to find much-needed solutions and eagerly await the publication of the Integration White Paper, expected early 2022.

2.9. The Council continues to face a highly uncertain medium term financial position. A one-year settlement has been announced for 2022-23, effectively the fourth consecutive one-year settlement. In this the government has set out that the objective is to give priority to “stability in the immediate term”, with a more fundamental review of local government funding starting in 2022. This means the Council cannot make medium term financial plans with certainty, but still needs to make some difficult decisions in the short-to medium-term based on likely scenarios, while maintaining a longer-term view of what is best for the county. In this cost-challenged environment, Norfolk County Council will continue to pursue opportunities to draw down additional funding from central Government, as well as to work more closely and efficiently with partners to ensure the best possible value for money in every area of spend. There are significant opportunities to work better together and we need to seize those opportunities to deliver on residents’ priorities and help secure a better future for Norfolk.

### 3. Financial Context

3.1. The budget setting process for 2022-23 has, once again, been undertaken in a context of considerable uncertainty. In particular, the ongoing impact of the COVID-19 pandemic has had a significant impact and makes financial forecasting more challenging. However, a second fundamental issue has once again been the delays to major reforms to local government finance including the Fair Funding Review, Business Rates Reform, and Social Care funding reform. The Government has provided a degree of clarity on the prospects for some of these during 2021-22, but much remains uncertain. In particular, as referenced above, the Government has confirmed that it intends to proceed with some form of local government finance reform to be implemented for 2023-24. However it is unclear to what extent this will draw on existing Fair Funding Review plans (from 2019) or will start with a “blank slate”. In relation to Social Care, Government has set out its plans, but much of the detail remains to be confirmed and there is widespread concern that the level of funding being made available to support proposed changes will prove to be inadequate. Finally plans for business rates reform (and specifically increased local retention of business rates) have been put on hold and Government has outlined that it is “*not moving precipitately in that direction.*”<sup>2</sup>

3.2. It was of particular disappointment that although the Chancellor announced the outcomes of a multi-year Spending Review alongside the Autumn Budget 2021<sup>3</sup> on 27 October 2021, this was not ultimately translated into a multi-year Settlement for local government.

3.3. The Government has also published the [Build Back Better plan for health and social care](https://www.gov.uk/government/publications/build-back-better-our-plan-for-health-and-social-care)<sup>4</sup> including a £36bn funding commitment shared between both systems across the UK over three years starting in 2022-23. This represents

<sup>2</sup> <https://committees.parliament.uk/oralevidence/2980/html/>

<sup>3</sup> <https://www.gov.uk/government/publications/autumn-budget-and-spending-review-2021-documents>

<sup>4</sup> <https://www.gov.uk/government/publications/build-back-better-our-plan-for-health-and-social-care>

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£12bn per year for three years for Health and Care to be funded by 1.25% increases in National Insurance (which is ultimately to become a “Health and Care levy”), and dividend tax from April 2022. In the short (and potentially longer) term, most of the funding will go to the NHS but £5.4bn over the three years has been committed for social care to fund reforms. However following the provisional Settlement it appears that much of the additional funding is being held back centrally at this stage. Government intends to consult on funding distribution and charging reforms. In spite of these recent announcements, significant uncertainty remains, particularly around the longer term share of funding between social care and health. Significantly, the Build Back Better plan set out that Government expects that “*demographic and unit cost pressures*” will be met “*through council tax, social care precept, and long-term efficiencies.*” This is a key issue which requires funding, and each year broadly represents an £18-20m cost pressure for Norfolk. The adequacy of the funding available to meet pressures is therefore highly uncertain.

3.4. The **Provisional Local Government Settlement** for 2022-23 was announced via a written ministerial statement<sup>5</sup> on 16 December 2021. The statement sets out a priority to “*provide stability*” and ensure “*local government has the resources it needs to support the most vulnerable through adult and children’s social care,*” with a more fundamental review of local government funding starting in 2022. The statement includes the following key points:

- Funding announcement for **one year only** (2022-23).
- Broadly a roll-over of main funding elements.
- No additional COVID funding for 2022-23.
- Additional funding for 2022-23 via increased social care grant and a **one-off** “Services Grant” un-ringfenced for core services.
- Council tax referendum principles as per the Spending Review.
- An intention to “*update the system*” and **undertake funding reform for 2023-24**.
- Confirmation of the Norfolk Business Rate Pool for 2022-23 (see section 6 of this report).
- A four week consultation on the Provisional Settlement.

3.5. The Provisional Settlement<sup>6</sup> sets out the following Core Spending Power figures:

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<sup>5</sup> <https://questions-statements.parliament.uk/written-statements/detail/2021-12-16/hcws510>

<sup>6</sup> <https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2022-to-2023>

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**Table 1: Provisional Settlement Core Spending Power for Norfolk County Council**

|   | 2021-22        | 2022-23        | Change        |
|---|----------------|----------------|---------------|
|   | £m             | £m             | £m            |
| Settlement Funding Assessment   | 194.679        | 195.903        | 1.224         |
| Compensation for under-indexing the business rates multiplier                                   | 8.077          | 12.737         | 4.660         |
| Council Tax Requirement excluding parish precepts ( <i>government assumption</i> ) <sup>7</sup> | 442.861        | 467.126        | 24.265        |
| Improved Better Care Fund   | 38.454         | 39.617         | 1.163         |
| New Homes Bonus   | 2.269          | 1.833          | -0.436        |
| Rural Services Delivery Grant   | 4.178          | 4.178          | 0.000         |
| Social Care Grant   | 30.342         | 41.494         | 11.152        |
| Market Sustainability and Fair Cost of Care Fund  | 0.000          | 2.821          | 2.821         |
| 2022-23 Services Grant  | 0.000          | 10.687         | 10.687        |
| <b>Core Spending Power</b>  | <b>720.860</b> | <b>776.396</b> | <b>55.536</b> |
| <i>Change %</i>   |                |                | <i>7.7%</i>   |

3.6. It is important to note that almost half the increase in core spending power is driven by assumed council tax increases. 5% of the total £55.5m cash increase (£2.8m) is in fact provided by the Market Sustainability and Fair Cost of Care Fund, which is for a new burden. The remainder largely represents additional funding via Social Care Grant and a new (one-off) “Services Grant” – funded from the £1.6bn announced at the Spending Review (£1.5bn after a top slice for some specific funding announcements). These uplifts will be required to meet 2022-23 budget pressures. From the national £1.5bn announced at the Spending Round 2021, £70m will be used to apply inflation to Revenue Support Grant, £636m for additional social care grants, and £822m for the new Services Grant. This means only 42% of the £1.5bn has been allocated to social care. The proportion allocated to social care (compared to all services) has meant allocations towards the lower end of estimates which might have otherwise been expected for upper tier authorities.

3.7. Additional funding for Social Care reform (Market Sustainability and Fair Cost of Care) will come with additional burdens as set out in the grant conditions<sup>8</sup>.

3.8. As had been widely anticipated, the Provisional Settlement provided figures for one year (2022-23) only. The written statement indicates that the Department for Levelling Up, Housing and Communities (DLUHC) intends to deliver some form of funding reform (potentially taking forward the Fair Funding Review) for 2023-24 and states “*Government is committed to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs*”

<sup>7</sup> This figure represents the Government assumption for council tax in the provisional settlement, rather than the County Council’s actual proposed budget.

<sup>8</sup> <https://www.gov.uk/government/publications/market-sustainability-and-fair-cost-of-care-fund-2022-to-2023/market-sustainability-and-fair-cost-of-care-fund-purpose-and-conditions-2022-to-2023>

*and resources.*” This is reinforced by the fact that the “Services Grant” is one-off and “*will be excluded from potential transitional protections.*” The implications of this for Norfolk, and of wider funding reform, remain to be seen and will be dependent on Government policy objectives. As previously proposed, the Fair Funding Review was anticipated to be broadly neutral or positive for Norfolk, however whether this remains the case for future reforms will not be known until Government provides further details. It is likely that Government would bring forward consultation in spring 2022.

3.9. The settlement announcement confirmed a number of key elements of funding for the 2022-23 Budget, however there remain several areas of uncertainty and it is likely that further details will emerge. As it stands the following remain unconfirmed:

- Public Health Grant
- Other specific grant funding including funding within Adult Social Services (e.g. Deprivation of Liberties) and Children’s Services (Troubled Families and Adoption Support Fund).

3.10. DLUHC has (as usual) undertaken a consultation on the Provisional Settlement<sup>9</sup> The consultation closed 13 January 2022 and the Council has submitted a response which broadly welcomed the Government’s aspiration to provide stability for 2022-23, but also setting out a number of specific concerns including:

- Highlighting that Government needs to tackle some of the underlying issues identified including the pressing matter of DSG deficits and the need for truly comprehensive reform of social care funding.
- Calling on Government to progress the proposed reform of the funding system for 2023-24 at pace to both provide early certainty about funding to enable effective local authority budget setting and also to deliver a simplified and genuinely fair funding system which allocates resources according to need.
- Reiterating that Government should look to provide an adequate quantum of funding and long term certainty to ensure that sufficient, sustainable resources are available to sustain essential local services into the future.

3.11. In overall terms, the Provisional Settlement broadly delivered the expected funding changes following announcements at the Spending Review / Budget 2021. **However, the implications of the one-off nature of the new “Services Grant” would be to increase the gap forecast for 2023-24, except that the Council’s planning assumption is that some form of transitional funding would mitigate any such cliff edge in 2023-24.** Nevertheless, the overall sustainability of the 2023-24 position will ultimately be highly dependent on the delivery of the fair funding / funding reform process for 2023-24.

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<sup>9</sup> <https://www.gov.uk/government/consultations/provisional-local-government-finance-settlement-2022-to-2023-consultation/provisional-local-government-finance-settlement-2022-to-2023-consultation>  
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- 3.12. Government decisions about allocation of the £1.6bn additional funding per year have resulted in an increase towards the lower end that might have been anticipated, due to the proportions allocated between all services and social care. It remains to be seen how any transitional arrangements deploy available funding to move toward allocations based on revised needs assessment in 2023-24. The detail of the Provisional Settlement announcements have been analysed and incorporated in Budget planning for January Cabinet. District forecasts for council tax and business rates remain to be confirmed (due 31 January 2022) although latest estimates have been incorporated in planning. There remains potential for some change between the Provisional and Final Settlement (although material changes are unlikely).

#### 4. Proposed Revenue Budget 2022-23

- 4.1. Budget planning for 2022-23 was undertaken in line with the following overarching timetable. In November, Cabinet agreed that it would be necessary to undertake a full review of how the Council operates to deliver its future services and strategy in view of the significant budget gap to be addressed for 2023-24. This is reflected in Cabinet's proposed recommendations to Council and the draft timetable below outlines how this process can be incorporated as part of the development of further plans to meet the remaining budget shortfalls in the period 2023-24 to 2025-26.
- 4.2. In November 2021, Cabinet agreed to undertake a full review of how the Council operates to deliver its future services and strategy. This work has commenced with an initial assessment of organisational structures and ways of working, with recommendations to be provided about how to take cost out of the organisation whilst safeguarding the stability and sustainability of services, and building capability to continue to transform how services are delivered within a context of more collaborative working across the Norfolk system of public services. The review will establish key facts about existing organisational arrangements and assess the effectiveness of these in terms of productivity and cost. This work is currently in progress and while it would be too early to build robust savings into the Medium Term Financial Strategy, the potential savings opportunity is estimated to be in the order of £10-15m for 2023-24. Validating and refining this estimate will be a key part of the development of the 2023-24 Budget and will support the delivery of the organisational review set out in recommendation 6(f).

**Table 2 Budget planning timetable 2022-23 and proposed 2023-24**

| Activity/Milestone   | Time frame           |
|--|----------------------|
| Cabinet review of the financial planning position for 2022-26 – including formal allocation of targets | 5 July 2021          |
| Select Committee input to 2022-23 Budget development   | 12, 14, 16 July 2021 |
| Scrutiny Committee input to 2022-23 Budget development   | 21 July 2021         |

## Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Activity/Milestone  | Time frame                      |
|---|---------------------------------|
| Review of budget pressures and development of detailed savings proposals 2022-26 incorporating: <ul style="list-style-type: none"> <li>Budget Challenge 1 (July) – outline proposals</li> <li>Budget Challenge 2 (early September) – detailed proposals</li> <li>Budget Challenge 3 (December) – supplementary proposals</li> </ul>   | July - December 2021            |
| Spending Review 2021 and Autumn Budget announcement   | 27 October 2021                 |
| Cabinet considers full savings proposals and agrees proposals for public consultation   | 8 November 2021                 |
| Select Committee comments on 2022-23 saving proposals   | 15, 17, 19 November 2021        |
| Scrutiny Committee 2022-23 Budget scrutiny  | 24 November 2021                |
| Public consultation on 2022-23 Budget and council tax and Adult Social Care precept options   | 25 November to 30 December 2021 |
| Provisional Local Government Finance Settlement announced including provisional council tax and precept arrangements*   | 16 December 2021                |
| Confirmation of District council tax base and business rate forecasts   | 31 January 2022                 |
| Cabinet considers outcomes of service and financial planning, EQIA and consultation feedback and agrees revenue budget and capital programme recommendations to County Council  | 31 January 2022                 |
| Final Local Government Finance Settlement*  | TBC January / February 2022     |
| Scrutiny Committee 2022-23 Budget scrutiny  | 16 February 2022                |
| County Council agrees Medium Term Financial Strategy 2022-23 to 2025-26, revenue budget, capital programme and level of council tax for 2022-23   | 21 February 2022                |
| 2023-24 Proposed  | Time frame                      |
| Cabinet review of the financial planning position for 2023-27 – including formal allocation of targets  | 4 April 2022                    |
| Scrutiny Committee  | 20 April 2022                   |
| Select Committee input to development of 2023-24 Budget – strategy  | TBC w/c 23 May 2022             |
| Review of budget pressures and development of budget strategy and detailed savings proposals 2023-27 incorporating: <ul style="list-style-type: none"> <li>Budget Challenge 1 (early May) – context / strategy / approach / outline proposals including transformation</li> <li>Budget Challenge 2 (early June) – detailed proposals</li> <li>Budget Challenge 3 (early September) – final proposals</li> </ul> | April to December 2022          |
| <i>Fair Funding Review / DLUHC reform of Local Government funding</i>   | <i>Early 2022</i>               |
| Cabinet agree strategic budget approach and any initial proposals for summer consultation   | TBC 4 July 2022                 |
| Scrutiny Committee  | TBC 20 July                     |

## Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Activity/Milestone   | Time frame                         |
|--|------------------------------------|
| Summer consultation activity – service priorities, transformation, approach and early saving proposals   | Late July / August(?) 2022         |
| Cabinet approve final proposals for public consultation  | TBC 3 October 2022                 |
| Scrutiny Committee   | TBC 20 October 2022                |
| Public consultation on 2023-24 Budget proposals, council tax and adult social care precept   | Late October to mid December?      |
| Select Committee input to development of 2023-24 Budget – comments on specific proposals   | TBC w/c 14 November 2022           |
| <i>Government Autumn Budget</i>  | <i>TBC October 2022</i>            |
| <i>Provisional Local Government Finance Settlement announced including provisional council tax and precept arrangements (outcomes of Fair Funding Review?)</i>                 | <i>TBC December 2022</i>           |
| Cabinet considers outcomes of service and financial planning, EQIA and consultation feedback and agrees revenue budget and capital programme recommendations to County Council | TBC 30 January 2023                |
| Confirmation of District Council tax base and Business Rate forecasts  | 31 January 2023                    |
| <i>Final Local Government Finance Settlement</i>   | <i>TBC January / February 2022</i> |
| Scrutiny Committee 2023-24 Budget scrutiny   | TBC 15 February 2023               |
| County Council agrees Medium Term Financial Strategy 2023-24 to 2026-27, revenue budget, capital programme and level of council tax for 2023-24                                | TBC 21 February 2023               |

*Assumed Government activity and timescales*

4.3. The current year's Budget and Medium Term Financial Strategy (MTFS) for the period 2021-22 to 2024-25 was agreed 22 February 2021 including £47.524m of planned savings and with a remaining shortfall of £91.876m, needing to be addressed in the period 2022-25. The MTFS provided the starting point for the Council's 2022-23 Budget planning activity. Full details of cost pressures assumed in the council's MTFS are set out in the [Budget Book 2021-25](#).<sup>10</sup> In developing the 2022-23 Budget, Cabinet next considered the MTFS position in July 2021, which represented the starting point to inform wider budget setting work across the organisation. At that time, the report identified an updated forecast gap of £108.643m for the period to 2025-26 including an unchanged indicative gap of £39.037m for 2022-23. Following consideration of the report, Cabinet agreed an allocation of savings targets to departments.

4.4. The latest information about the Council's 2021-22 financial position is set out in the Financial Monitoring report elsewhere on the agenda (Period 8 as reported at January 2022). The Council's overarching budget planning for 2022-23 is based on the assumption that a balanced 2021-22 outturn position

<sup>10</sup> <https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/budget-book-2021-25.pdf>

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is delivered (i.e. that in aggregate savings are achieved as planned and there are no overall overspends). Where possible, ongoing pressures and non-delivery of savings identified within the forecast 2021-22 position have been provided for as detailed later in this paper. In particular the non-delivery of savings in 2021-22 has been considered as part of the 2022-23 budget process with mitigating actions in place as set out elsewhere in this report and in financial monitoring.

4.5. In the normal course of budget development, the Council would consider an update on financial planning in September, and then the detail of service department proposals to close the budget gap in October. However, because of the uncertainties this year over local government funding, support for adult social care and other pressures, the Council felt it prudent to wait until the Government provided a clearer view of the context for financial planning before publishing its own budget proposals. The Chancellor subsequently outlined details of the Spending Review and Autumn Budget 2021 on 27 October. These announcements informed a report on Strategic and Financial Planning which Cabinet considered in November 2021. In November, Cabinet agreed:

- to direct Executive Directors to seek to identify further recurrent savings of £5.000m for 2022-23. The outcomes of this process are detailed within this report and incorporated, where appropriate, in the proposed MTFS;
- to agree to undertake a full review of how the Council operates to deliver its future services and strategy. Further proposals about how this could be progressed as part of development of the 2023-24 Budget are set out in this report;
- to begin public consultation on a proposed council tax and Adult Social Care (ASC) precept increase of 2.99%. In 2022-23, the Council has the scope within Government's referendum thresholds to increase the combined council tax and ASC precept by 3.99% due to the decision to defer 1.00% of the ASC precept from 2021-22; and
- to undertake general budget consultation to provide the opportunity for the public to comment more generally on the Council's new proposals for 2022-23 onwards as identified in November.

4.6. As set out in Section 3 above, the Spending Review 2021 provided some indications of the medium term financial envelope within which local authorities will operate, but the Provisional Local Government Finance Settlement itself only set out funding allocations for one year. The failure to publish medium term funding forecasts is disappointing and impacts on the Council's ability to plan over the longer term but is understandable in the context of the Government's intention to progress Local Government funding reform for 2023-24. However, the absence of any detail at this stage about the likely terms of reference for this funding review only serves to add further uncertainty to the Council's planning and associated forecasts.

4.7. Announcements in the provisional Settlement were broadly in line with overall planning assumptions. The provisional Settlement enables the Council to prepare a balanced 2022-23 Budget but is not sufficient to balance over the life

of the MTFS. The Council therefore 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. Current planning does not include any draw on the Council's general balances, which are planned to be maintained at the minimum level of at least 5% of the net revenue budget. 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 saving proposals agreed as part of the 2021-22 budget, including those savings which are due for implementation during 2022-23, beyond those set out later in this report.

- 4.8. 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 2022-23. 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.**
- 4.9. 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 [Statement on the Robustness of Estimates 2022-23](#) (Appendix 4)). 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 therefore set out for Cabinet to consider in this report prior to budget-setting by County Council in February 2022.
- 4.10. **Subject to decisions about the level of council tax increase for 2022-23, the overall net budget proposed for 2022-23 is either £464.325m (2.99%) or £468.824m (3.99%).** The provisional Local Government Finance Settlement for 2022-23 was published 16 December 2021 but remains to be confirmed in January 2022 and therefore amendments may be required to reflect any changes. In particular, the Government has indicated that compensation for under-indexing the business rates multiplier will be adjusted to RPI in the final settlement (CPI in provisional settlement). This will deliver additional income, based on RPI being higher than CPI. Other material adjustments in the Final Settlement are not anticipated.
- 4.11. Table 3 below summarises the overall proposed final budget for 2022-23, including the cash limited budgets by service. Details of the proposed changes for each service are shown in Sections 8 to 13. The structure of the budget is based on the current Service Departments within the organisational framework.
- 4.12. The net budget reflects the council tax requirement only, that is, the amount to be funded by council taxpayers. All income from the Business Rates

Retention Scheme is accounted for as council income. The net budget also includes current information received from the District Councils on their respective council tax base, Collection Funds and expected Business Rates.

- 4.13. At the time of preparing this report in early January 2022, 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 2022-23 Budget may need to be altered to reflect any changes to government funding amounts for 2022-23 following the final Settlement publication, expected to be announced at the end of January or early February 2022. 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 2022-23 Budget.
- 4.14. In relation to council tax, if the County Council agrees to increase council tax by:
- 2.99% overall (1.99% in relation to general council tax and 1.00% for the Adult Social Care precept), this would generate £13.415m additional funding in 2022-23.
  - 3.99% overall (1.99% in relation to general council tax and 2.00% for the Adult Social Care precept), this would generate £17.915m additional funding in 2022-23.
- 4.15. Further details about council tax are included within Section 5 of this report.
- 4.16. Service and budget planning for 2022-23 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 later in this section of the 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.
- 4.17. Cabinet is asked to recommend to County Council the 2022-23 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.

Table 3: Net Revenue Budget

| Service Department                   | 2021-22 Base Budget | Budget increases - cost pressures | Budget decreases - savings | 2022-23 Recommended Budget before funding and cost neutral changes | Net funding changes | Net cost neutral changes | 2022-23 Recommended Net Budget |
|--------------------------------------|---------------------|-----------------------------------|----------------------------|--|---------------------|--------------------------|--------------------------------|
|                                      | £m                  | £m                                | £m                         | £m   | £m                  | £m                       | £m                             |
| Adult Social Services                | 252.550             | 35.478                            | -10.465                    | <b>277.563</b>   | -15.136             | 0.757                    | 263.184                        |
| Children's Services                  | 178.886             | 23.244                            | -12.088                    | <b>190.042</b>   | 0.000               | -0.977                   | 189.065                        |
| Community and Environmental Services | 158.307             | 10.053                            | -3.496                     | <b>164.864</b>   | 0.000               | 1.298                    | 166.162                        |
| Strategy and Transformation          | 8.422               | 0.422                             | -0.439                     | <b>8.405</b>   | 0.000               | 0.354                    | 8.759                          |
| Governance                           | 1.904               | 0.302                             | -0.200                     | <b>2.006</b>   | 0.000               | -0.046                   | 1.960                          |
| Finance and Commercial Services      | 32.235              | 2.520                             | 0.134                      | <b>34.888</b>  | 0.000               | -1.465                   | 33.424                         |
| Finance General with 2.99%           | -193.210            | -22.166                           | -1.880                     | <b>-217.257</b>  | 18.948              | 0.079                    | -198.230                       |
| <b>Total with 2.99%</b>              | <b>439.094</b>      | <b>49.853</b>                     | <b>-28.434</b>             | <b>460.513</b>   | <b>3.812</b>        | <b>0.000</b>             | <b>464.325</b>                 |
| Finance General with 3.99%           | -193.210            | -17.667                           | -1.880                     | <b>-212.758</b>  | 18.948              | 0.079                    | <b>-193.731</b>                |
| <b>Total with 3.99%</b>              | <b>439.094</b>      | <b>54.352</b>                     | <b>-28.434</b>             | <b>465.012</b>   | <b>3.812</b>        | <b>0.000</b>             | <b>468.824</b>                 |

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

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

4.19. Note:

- Budget increases of £49.853m (2.99%) or £54.353m (3.99%) include £23.144m inflationary pressures, £15.559m legislative pressures, £27.025m of demand and demographic pressures and -£15.875m (2.99%) / -£11.376m (3.99%) of pressures arising from policy decisions (including removal of one-off corporate provision made for COVID-19 pressures in 2021-22). See detailed Service Budgets in Sections 8 to 13.
- Details of £28.434m savings are also shown within the relevant Service Department in Sections 8 to 13. Of the budget savings, £4.482m relate to one-off savings in 2022-23, which will result in a pressure in subsequent years. These are detailed in Table 5 below. The budget also includes one-off use of reserves (included in Table 5) and detailed in the Reserves and Balances report ([Appendix 3](#)).
- The net funding decrease of £3.812m includes £30.836m funding increases and £34.649m funding decreases as shown in Table 4.
- Further details of the £4.653m of cost neutral changes are provided in the detailed Service Budgets in Sections 8 to 13.
- The change in the net revenue budget between 2021-22 and 2022-23 is £25.231m (2.99%) or £29.730m (3.99%). The breakdown of this is set out in Table 6 below.

Table 4: Breakdown of net funding changes

|  | <b>2022-23<br/>£m</b> |
|--|-----------------------|
| <i>Funding increases</i>   |                       |
| Extended Rights to Free Travel Grant   | -0.575                |
| Additional 2022-23 "Services Grant" one-off (share of £1.5bn pa SR21 announcement) | -10.687               |
| Rebase Business Rates budget   | -3.214                |
| New Social Care Reform grant   | -2.821                |
| Change in Revenue Support Grant  | -1.224                |
| Additional Social Care Grant   | -11.152               |
| iBCF inflationary uplift   | -1.163                |
| <b>Total funding increases</b>   | <b>-30.836</b>        |
|  |                       |
| <i>Funding decreases</i>   |                       |
| New Homes Bonus Grant  | 0.436                 |
| Local Council Tax Support Grant  | 7.512                 |
| One-off release of Covid funding Tranche 4 carried forward for 2021-22 pressures   | 5.608                 |
| One-off Business Rates reserve use   | 2.265                 |
| COVID-19 Grant 2021-22 (Tranche 5)   | 18.829                |
|  |                       |
| <b>Total funding decreases</b>   | <b>34.649</b>         |
|  |                       |
| <b>Net funding changes</b>   | <b>3.812</b>          |

**Table 5: One-off savings and use of reserves**

|                   |  | <b>2022-23</b> |
|-------------------|--|----------------|
| <b>Department</b> | <b>Saving</b>  | <b>£m</b>      |
| ASS               | One-off release of ASC reserves to offset budget pressures.  | -3.000         |
| CES               | Fixed Penalty Notices. One-off income from fines if utilities and other companies do not comply with the roadwork permits they have been issued.                       | -0.050         |
| CES               | Fines for overrunning roadworks. One-off income from fines if utilities and other companies do not comply with the roadwork permits they have been issued              | -0.350         |
| CES               | Remove CES ICT reserve   | -0.085         |
| S&T               | Insight & Analytics budget saving and additional income. One-off saving by delaying recruitment and seeking alternative sources of funding for currently vacant posts. | -0.097         |
| S&T               | One-off use of Strategy and Transformation reserves  | -0.050         |
| GOV               | Use of Governance reserves. One-off release of reserves  | -0.100         |
| FG                | One off release from Organisational Change Fund  | -0.750         |
|                   |  | <b>-4.482</b>  |

## 4.20. 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 13 and details provided within Table 27 to Table 33.
- The Budget and Medium Term Financial Strategy (MTFS) includes the 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 throughout these reports and particularly within the MTFS ([Appendix 2](#)).

**Table 6: Change in Net Revenue Budget 2021-22 to 2022-23**

|  | <b>£m<br/>2.99%<br/>increase</b> | <b>£m<br/>3.99%<br/>increase</b> |
|--|----------------------------------|----------------------------------|
| Budgeted council tax 2021-22                       | 439.094                          | 439.094                          |
| <i>Increase due to:</i>                            |                                  |                                  |
| Tax base change (increase 4,160 Band D equivalent) | 6.128                            | 6.128                            |
| General council tax increase                       | 8.944                            | 8.944                            |
| Adult Social Care precept                          | 4.472                            | 8.971                            |
| Forecast increase in Collection Fund <sup>11</sup> | 5.688                            | 5.688                            |
| <b>Budgeted council tax 2022-23</b>                | <b>464.325</b>                   | <b>468.824</b>                   |

4.21. The table below sets out a summary of the savings proposals for 2022-23 to 2025-26. The Council has identified a net £26.189m of new savings proposals in this budget round to help enable the Council to set a balanced budget for 2022-23. Since reporting proposed savings for public consultation to Cabinet in November 2021, a number of additional proposals have been identified, and some savings, including plans brought forward from previous years, have been removed or the saving value has been reassessed. Further details of all the savings within 2022-23 planning can be found in the detailed Service Budgets in Sections 8 to 13.

**Table 7: Summary of recurring net budget savings by Department**

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

<sup>11</sup> The Collection Fund position in 2021-22 reflected a material movement from a surplus position in the 2020-21 Budget to a deficit position for 2021-22, due to the impact of the COVID-19 pandemic on council tax collections in 2020-21. Government made provision to mandate that any deficit arising in 2020-21 must be phased over a three year period. The movement forecast for 2022-23 reflects an improved Collection Fund position, and reflects the deficit phasing from 2020-21. Apart from Norwich City Council, all Norfolk districts forecast a surplus position on the Collection Fund as set out in Table 21/Table 22 of this report.

4.22. 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 2022-23 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 contribute to ensuring that the 2022-23 Budget will be both robust and deliverable. The net saving position above reflects the removal or delay of £1.596m of saving proposals brought forward from previous budget rounds.

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

## **Income**

4.24. The Council has four main funding streams:

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

4.25. The main issues in relation to each of these are as follows:

### **1. Business Rates Retention Scheme**

The provisional Local Government Funding Settlement in December 2021 set out details of the Council's Settlement Funding Assessment (SFA) allocations for 2022-23, 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 2021.

The business rates baseline within SFA is normally uprated annually in line with CPI (previously RPI up to 2017-18). For 2022-23, the Government has announced that the Business Rate multiplier will again be frozen. The real terms 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 for 2022-23.

The tables below show the breakdown of the 2022-23 Settlement Funding Assessment compared to the 2021-22 allocations, and the component elements. In overall terms, the provisional Settlement shows an increase of

£1.2m or 0.6% to core government funding compared to the 2021-22 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 2022.

**Table 8: Provisional Settlement Funding Assessment changes**

|  | 2021-22<br>Actual | 2022-23<br>Provisional     | % Change<br>(2021-22<br>actual to<br>2022-23<br>provisional) |
|--|-------------------|----------------------------|--|
|  | £m                | £m                         | %  |
| Upper-tier funding within Baseline Funding Level | 147.134           | 147.134                    | 0.00%  |
| Fire and Rescue within Baseline Funding Level    | 7.884             | 7.884                      | 0.00%  |
| <b>Total Baseline Funding Level</b>              | <b>155.019</b>    | <b>155.019</b>             | <b>0.00%</b>   |
|  |                   |                            |  |
| Upper-tier funding within RSG                    | 35.553            | 36.628                     | 3.02%  |
| Fire and Rescue within RSG                       | 4.107             | 4.232                      | 3.02%  |
| <b>Total Revenue Support Grant</b>               | <b>39.660</b>     | <b>40.860<sup>12</sup></b> | <b>3.02%</b>   |
|  |                   |                            |  |
| <b>Total Settlement Funding Assessment</b>       | <b>194.679</b>    | <b>195.879</b>             | <b>0.62%</b>   |

**Table 9: Breakdown of Provisional Settlement Funding Assessment**

|                                      | 2021-22<br>Actual | 2022-23<br>Provisional | Change<br>(2021-22<br>actual to<br>2022-23<br>provisional) |
|--------------------------------------|-------------------|------------------------|--|
|                                      | £m                | £m                     | £m   |
| <b>Settlement Funding Assessment</b> | <b>194.679</b>    | <b>195.903</b>         | <b>1.224</b>   |
| <i>Notional breakdown:</i>           |                   |                        |  |
| Revenue Support Grant                | 39.660            | 40.885                 | 1.224  |
| Business Rates Baseline              | 155.019           | 155.019                | 0.000  |
| <i>Via: Top-up</i>                   | 127.897           | 127.897                | 0.000  |
| <i>Retained Rates</i>                | 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:

<sup>12</sup> RSG figures stated in Table 7 exclude the grants rolled in at the provisional Settlement and therefore do not equal to the total RSG and SFA figures shown in Table 8.

- 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 two options:

- **Either** a 1.99% increase in general (basic) council tax and a 2.00% increase in the Adult Social Care precept (including 1.00% deferred from 2021-22). This **3.99%** increase generates £17.915m and results in total council tax of £468.824m for the year.
- **Or** a 1.99% increase in general (basic) council tax and a 1.00% increase in the Adult Social Care precept (being the 1.00% deferred from 2021-22). This **2.99%** increase generates £13.415m and results in total council tax of £464.325m for the year.

The Council has previously opted to raise council tax including the adult social care precept as shown below:

**Table 10: Previous council tax increases**

|                       | 2016-17      | 2017-18      | 2018-19      | 2019-20             | 2020-21      | 2021-22             |
|-----------------------|--------------|--------------|--------------|---------------------|--------------|---------------------|
| General increase      | 1.99%        | 1.80%        | 2.99%        | 2.99%               | 1.99%        | 1.99%               |
| ASC precept increase  | 2.00%        | 3.00%        | 3.00%        | 0.00% <sup>13</sup> | 2.00%        | 2.00% <sup>14</sup> |
| <b>Total increase</b> | <b>3.99%</b> | <b>4.80%</b> | <b>5.99%</b> | <b>2.99%</b>        | <b>3.99%</b> | <b>3.99%</b>        |

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](#)).

<sup>13</sup> No increase available as maximum 8% taken in period 2016-17 to 2018-19.

<sup>14</sup> Maximum 3% available, 1% deferred to 2022-23.

Table 11: List of key grants and funding

|  | 2021-22 | 2022-23   | 2023-24   | 2024-25   | 2025-26   |
|--|---------|-----------|-----------|-----------|-----------|
|  | Budget  | Estimated | Estimated | Estimated | Estimated |
|  | £m      | £m        | £m        | £m        | £m        |
| <b>Un-ring-fenced</b>  |         |           |           |           |           |
| Business Rates   | 164.780 | 167.756   | 167.756   | 167.756   | 167.756   |
| Revenue Support Grant  | 39.660  | 40.885    | 40.885    | 40.885    | 40.885    |
| Rural Services Delivery Grant  | 4.178   | 4.178     | 4.178     | 4.178     | 4.178     |
| Social Care Grant  | 30.342  | 30.342    | 30.342    | 30.342    | 30.342    |
| NEW 2022-23 Social Care Grant  | n/a     | 11.152    | 11.152    | 11.152    | 11.152    |
| NEW Social Care Reform Grant   | n/a     | 2.821     | 22.821    | 32.821    | 32.821    |
| NEW 2022-23 Services Grant   | n/a     | 10.687    | 0.000     | 0.000     | 0.000     |
| New Homes Bonus  | 2.269   | 1.833     | 0.000     | 0.000     | 0.000     |
| School Improvement Monitoring and Brokering Grant  | 0.657   | 0.657     | 0.657     | 0.657     | 0.657     |
| Fire Pension Grant   | 1.629   | 1.629     | 1.629     | 1.629     | 1.629     |
| Fire Revenue   | 1.047   | 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     |
| Social Care in Prisons   | 0.345   | 0.345     | 0.345     | 0.345     | 0.345     |
| War Pensions Scheme Disregard  | 0.248   | 0.248     | 0.248     | 0.248     | 0.248     |
| Extended rights to free travel (Local Services Support Grant)  | 1.222   | 1.222     | 1.222     | 1.222     | 1.222     |
| PFI Revenue Grant (streetlights and schools)   | 7.905   | 7.905     | 7.905     | 7.905     | 7.905     |
| Independent Living Fund Grant  | 1.379   | 1.379     | 1.379     | 1.379     | 1.379     |
| Improved Better Care Fund  | 38.454  | 39.617    | 39.617    | 39.617    | 39.617    |
|  |         |           |           |           |           |
| <b>Ring-fenced</b>   |         |           |           |           |           |
| Public Health  | 41.107  | 41.107    | 41.107    | 41.107    | 41.107    |
| Dedicated Schools Grant  | 699.382 | 711.193   | 711.193   | 711.193   | 711.193   |
| Pupil Premium Grant  | 33.861  | 33.861    | 33.861    | 33.861    | 33.861    |
|  |         |           |           |           |           |
| <b>Locally collected tax (forecasts)</b>   |         |           |           |           |           |
| <b>Either:</b> Council tax (assuming increase <b>2.99%</b> 2022-23, 2.99% 2023-24, 2024-25, 2025-26) | 439.094 | 464.325   | 482.992   | 500.328   | 520.440   |
| <b>Or:</b> Council tax (assuming increase <b>3.99%</b> 2022-23, 2.99% 2023-24, 2024-25, 2025-26)     | 439.094 | 468.824   | 487.672   | 505.196   | 525.504   |
|  |         |           |           |           |           |
| <b>Pooled funding</b>  |         |           |           |           |           |
| NHS Funding (incl. Better Care Fund)   | 69.120  | 69.120    | 69.120    | 69.120    | 69.120    |
|  |         |           |           |           |           |
| <b>COVID-19 funding</b>  |         |           |           |           |           |
| COVID-19 Grant   | 18.829  | n/a       | n/a       | n/a       | n/a       |
| Local council tax support grant  | 7.512   | n/a       | n/a       | n/a       | n/a       |
| Local tax income guarantee   | 1.233   | n/a       | n/a       | n/a       | n/a       |

#### **4. Fees and Charges**

- 4.26. Fees and charges are an important source of income, and the Council charges for some discretionary services. Inflationary increases to fees and charges have been included within the budget where appropriate.

#### **Expenditure – underlying trends**

- 4.27. The aim of the budget planning process is to prepare 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 cost drivers affecting Norfolk County Council that have been incorporated into the 2022-23 budget plans are:

##### **1. Price inflation**

A significant proportion of the Council's services continues to be delivered externally to the County Council – through partners, private sector contracts, and via the council's own companies (including Norse). This means 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. While difficult to identify separately, inflationary price rises are being driven by a range of factors including the Covid-19 pandemic and wider changes in the economy.

##### **2. Demographics**

Demand for services continues to rise, both through the age profile of the county, wider 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. In children's social care, the national picture, driven in part by the pandemic, shows a significant rise in demand both in terms of numbers and complexity of need, and thus cost. There is significant uncertainty about the impacts of reforms to Adult Social Care arrangements which could also give rise to a significant increase in demand for the Council to arrange care services.

##### **3. Pay award and the National Living Wage**

The annual pay award and National Living Wage increases in 2022-23 for both the Council's directly employed staff and contracted services are an important cost driver. At the time of preparing the 2022-23 Budget, the 2021-22 pay award remains unconfirmed, although employers have made a final offer of 1.75%. No announcements about negotiations for 2022-23 pay awards have been made, although there is likely to be significant upward pressure on pay given wider inflation rates. The Budget makes

contingency provision for a pay award of up to 3% for all staff. The pay award remains subject to confirmation at this point.

**4. Ongoing costs of COVID-19 pandemic**

Beyond the more generalised impact of COVID-19 on wider costs (for example via higher inflation), additional costs are continuing to be experienced across a range of Council services. Some of these costs, for example outbreak management activities, are anticipated to continue to be met via specific Government funding in 2022-23. However, in a number of other areas, such as social care, exceptional and other costs of responding to the COVID-19 pandemic (whether short or long term) will need to be met within existing Council budgets.

**5. Increased costs of borrowing**

Increased costs are anticipated from 2022-23 in line with borrowing forecast to be undertaken in 2021-22 and 2022-23, 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.

4.28. 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. At the time of preparing this report, Government had indicated that it plans to extend the capital receipts flexibility for a further three years from 2022-23, however this has not been formally confirmed. In addition, proposed changes to the capital framework for local government may have an impact on the Council's previous planning assumptions. Proposals for 2022-23 therefore do not include any planned use of capital receipts for debt repayment.

4.29. 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 2022-26+ programme and funding plans.

4.30. Financial planning assumptions for future years take account of the latest monitoring position for 2021-22, as reported to Cabinet elsewhere on this

agenda. Further details of the financial planning context are set out in the Medium Term Financial Strategy 2022-26.

- 4.31. The Statement on the Robustness of Estimates 2022-26 ([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 2022-26 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 £23.268 for 2022-23. Provision has been made within the 2022-23 position to increase the General Fund to contribute to maintaining a target balance of at least 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 2021-22 accounts. The Medium Term Financial Strategy 2022-26 assumes that general balances will remain at or above the recommended level.

### **Expenditure and savings – proposals**

- 4.32. Table 27 to Table 33 set out in detail the proposed cash limited budget for all Service Departments for 2022-23, and the medium term financial plans for 2023-24 to 2025-26. These are based on the identified pressures and proposed budget savings shown in the table below. Cost neutral adjustments are also reflected within the Service Department budgets.
- 4.33. 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 16 December, but the final settlement is not expected to be confirmed until the end of January 2022.
  - The ongoing impact of COVID-19.
- 4.34. 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.
- 4.35. The table below provides a summary of the changes in budget planning from the February 2021 MTFS to the current position across the four years of the 2022-26 MTFS.

**Table 12: Budget planning position 2022-23 to 2025-26 – changes from the 2021-22 MTFS position**

|   | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> | <b>2025-26</b> | <b>Total</b>   |
|---|----------------|----------------|----------------|----------------|----------------|
|   | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| <b><u>Medium Term Financial Strategy 2021-25</u></b>                  |                |                |                |                |                |
| <b><u>Cost pressures and funding decreases</u></b>                    |                |                |                |                |                |
| Economic and inflationary pressures                                   | 18.899         | 19.028         | 19.500         | 0.000          | <b>57.427</b>  |
| Legislative requirements  | 8.472          | 8.699          | 7.010          | 0.000          | <b>24.181</b>  |
| Demand and demographic pressures                                      | 11.380         | 11.980         | 11.000         | 0.000          | <b>34.360</b>  |
| NCC policy decisions  | -16.313        | 5.065          | 3.011          | 0.000          | <b>-8.236</b>  |
| Funding decreases   | 35.726         | 0.856          | 0.000          | 0.000          | <b>36.582</b>  |
| <b>Total cost pressures and funding decreases</b>                     | <b>58.164</b>  | <b>45.629</b>  | <b>40.521</b>  | <b>0.000</b>   | <b>144.314</b> |
|   |                |                |                |                |                |
| <b><u>Council tax</u></b>   |                |                |                |                |                |
| Collection Fund   | -1.360         | -1.762         | -0.645         | 0.000          | <b>-3.767</b>  |
| Council tax increase % (including 1% ASC precept deferred to 2022-23) | -13.308        | -9.190         | -9.467         | 0.000          | <b>-31.965</b> |
| Tax base increase   | -2.214         | -3.438         | -4.710         | 0.000          | <b>-10.362</b> |
| <b>Total change in council tax income</b>                             | <b>-16.882</b> | <b>-14.390</b> | <b>-14.822</b> | <b>0.000</b>   | <b>-46.094</b> |
|   |                |                |                |                |                |
| <b><u>Savings and funding increases</u></b>                           |                |                |                |                |                |
| Adult Social Services   | 4.275          | 2.000          | 0.000          | 0.000          | <b>6.275</b>   |
| Children's Services   | -6.900         | -3.500         | -2.500         | 0.000          | <b>-12.900</b> |
| Community and Environmental Services                                  | -0.466         | 0.000          | 0.000          | 0.000          | <b>-0.466</b>  |
| Strategy and Transformation   | -0.180         | 0.000          | 0.000          | 0.000          | <b>-0.180</b>  |
| Governance  | 0.000          | 0.000          | 0.000          | 0.000          | <b>0.000</b>   |
| Finance and Commercial Services                                       | 0.026          | -0.100         | 0.000          | 0.000          | <b>-0.074</b>  |
| Finance General   | 1.000          | 0.000          | 0.000          | 0.000          | <b>1.000</b>   |
| <b>Sub-total savings</b>  | <b>-2.245</b>  | <b>-1.600</b>  | <b>-2.500</b>  | <b>0.000</b>   | <b>-6.345</b>  |
| Funding increases   | 0.000          | 0.000          | 0.000          | 0.000          | <b>0.000</b>   |
| <b>Total savings and funding increases</b>                            | <b>-2.245</b>  | <b>-1.600</b>  | <b>-2.500</b>  | <b>0.000</b>   | <b>-6.345</b>  |
|   |                |                |                |                |                |
| <b>Original gap at MTFS 2021-22 to 2024-25 (Surplus)/Deficit</b>      | <b>39.037</b>  | <b>29.638</b>  | <b>23.199</b>  | <b>0.000</b>   | <b>91.875</b>  |
|   |                |                |                |                |                |
| <b><u>Extend MTFS assumptions for 2025-26</u></b>                     |                |                |                |                |                |
| Economic and inflationary pressures                                   | 0.000          | 0.000          | 0.000          | 20.260         | <b>20.260</b>  |
| Legislative requirements  | 0.000          | 0.000          | 0.000          | 0.000          | <b>0.000</b>   |
| Demand and demographic pressures                                      | 0.000          | 0.000          | 0.000          | 11.000         | <b>11.000</b>  |
| NCC policy decisions  | 0.000          | 0.000          | 0.000          | 0.111          | <b>0.111</b>   |
| Council tax increase % (1.99%)  | 0.000          | 0.000          | 0.000          | -9.752         | <b>-9.752</b>  |
| Tax base increase (1.5%)  | 0.000          | 0.000          | 0.000          | -4.852         | <b>-4.852</b>  |
|   |                |                |                |                |                |

# Appendix 1: Norfolk County Council Revenue Budget 2022-23

|  | 2022-23       | 2023-24       | 2024-25       | 2025-26       | Total          |
|--|---------------|---------------|---------------|---------------|----------------|
|  | £m            | £m            | £m            | £m            | £m             |
| <b>MTFS Gap 2021-22 to 2025-26 (Surplus)/Deficit reported July Cabinet</b>   | <b>39.037</b> | <b>29.638</b> | <b>23.199</b> | <b>16.767</b> | <b>108.643</b> |
|  |               |               |               |               |                |
| <b><u>New cost pressures, funding decreases and changes to MTFS assumptions for 2022-26</u></b>  |               |               |               |               |                |
| <i>Economic and inflationary pressures</i>   |               |               |               |               |                |
| All services: Revised economic and inflationary pressures  | 1.455         | 2.095         | 2.317         | 1.557         | <b>7.424</b>   |
| All services: National Insurance / Health and Social Care Levy 1.25%   | 2.790         | 0.000         | 0.000         | 0.000         | <b>2.790</b>   |
|  |               |               |               |               |                |
| <i>Legislative requirements</i>  |               |               |               |               |                |
| Adult Social Care: Market pressures and cost of care, including National Living Wage uplift  | 2.500         | 0.000         | 0.000         | 0.000         | <b>2.500</b>   |
| Adult Social Care: Market pressures and cost of care met from New Social Care reform grant funding   | 2.821         | 7.626         | 0.000         | 0.000         | <b>10.447</b>  |
| Fire Service: Cost pressures including new burdens, statutory training, USAR, ill health contributions to Home Office fire pension account, offset by reduction in pension pressures | 0.620         | -0.100        | -0.250        | -0.200        | <b>0.070</b>   |
| Community and Environmental Services: Increased fuel costs for construction vehicles (use of red diesel no longer permitted)   | 0.110         | 0.000         | 0.000         | 0.000         | <b>0.110</b>   |
| Community and Environmental Services: Maintenance and Environmental Management plan implementation for capital schemes   | 0.400         | 0.000         | 0.000         | 0.000         | <b>0.400</b>   |
| Community and Environmental Services (Trading Standards): The Botulinum Toxin and Cosmetic Fillers (Children) Act 2021 - new burdens   | 0.024         | 0.000         | 0.000         | 0.000         | <b>0.024</b>   |
| Community and Environmental Services (Trading Standards): The Food Information (Amendment) (England) Regulations 2019 ("Natasha's Law") - new burdens                                | 0.012         | 0.000         | 0.000         | 0.000         | <b>0.012</b>   |
| SEND Assessments (Educational Psychology service)  | 0.600         | 0.000         | 0.000         | 0.000         | <b>0.600</b>   |
|  |               |               |               |               |                |
| <i>Demand and demographic pressures</i>  |               |               |               |               |                |
| Adult Social Care: Revise future year demographic pressures (leap year impact)   | 0.000         | 0.000         | 0.000         | 0.600         | <b>0.600</b>   |
| Adult Social Care: Autism Care and Assessment capacity   | 0.300         | 0.000         | 0.000         | 0.000         | <b>0.300</b>   |
| Children's Services: Social care demographic growth  | 7.900         | 1.000         | 0.000         | 0.000         | <b>8.900</b>   |
| Children's Services: Social care demographic growth - COVID-19   | 3.000         | 4.000         | 4.000         | 0.000         | <b>11.000</b>  |
| Children's Services: Home to School Transport demographic growth   | 4.325         | 3.000         | 2.000         | 0.000         | <b>9.325</b>   |
| Community and Environmental Services (Trading Standards): Additional capacity and resilience requirements (growth in demand for services)  | 0.070         | 0.000         | 0.000         | 0.000         | <b>0.070</b>   |

## Appendix 1: Norfolk County Council Revenue Budget 2022-23

|  | 2022-23 | 2023-24 | 2024-25 | 2025-26 | Total         |
|--|---------|---------|---------|---------|---------------|
|  | £m      | £m      | £m      | £m      | £m            |
| Community and Environmental Services (Highways): Future maintenance costs of other new infrastructure assets   | 0.050   | 0.050   | 0.050   | 0.050   | <b>0.200</b>  |
| Community and Environmental Services (Highways): Contractual future maintenance costs of Great Yarmouth 3rd river crossing   | 0.000   | 1.240   | 0.000   | 0.000   | <b>1.240</b>  |
|  |         |         |         |         |               |
| <i>NCC policy decisions</i>  |         |         |         |         |               |
| Adult Social Care: recurrent pressures arising from 2021-22 ASC service delivery   | 8.000   | 0.000   | 0.000   | 0.000   | <b>8.000</b>  |
| Adult Social Care: additional cost pressures within iBCF 2022-23   | 1.163   | 0.000   | 0.000   | 0.000   | <b>1.163</b>  |
| Adult Social Care: Revenue pressure due to transformation activity no longer funded by capital (subject to Government policy decisions)  | 0.000   | 0.000   | 0.000   | 0.000   | <b>0.000</b>  |
| Adult Social Care: Emerging cost pressures for social care demography and market pressures in 2023-24  | 0.000   | 7.000   | 0.000   | 0.000   | <b>7.000</b>  |
| Children's Services: Removal of budget provision for transformation activity (£12m funding)  | 0.000   | 0.000   | 0.000   | -2.000  | <b>-2.000</b> |
| Children's Services: Re-profile recruitment and retention investment offset by agency cost reductions (impact of COVID)  | 0.610   | -0.070  | -0.440  | -0.100  | <b>0.000</b>  |
| Community and Environmental Services: Pressures on CES income budgets including library fine income due to changes in policy (including removal of overdue library charges for children and young people [Cabinet 08/03/2021]) | 0.100   | 0.144   | 0.000   | 0.000   | <b>0.244</b>  |
| Community and Environmental Services: Library revenue pressures - Sinking Fund (Millennium Library from 2022-23)   | 0.022   | 0.000   | 0.000   | 0.000   | <b>0.022</b>  |
| Community and Environmental Services: Additional Commitment to Norfolk Association of Local Councils (NALC)  | 0.010   | 0.000   | 0.000   | 0.000   | <b>0.010</b>  |
| Community and Environmental Services: Provision of ongoing revenue budget for flood mitigation activities from 2022-23   | 1.120   | 0.000   | 0.000   | 0.000   | <b>1.120</b>  |
| Community and Environmental Services: Highways additional cost pressures including A143/A12 link road scheme, Norwich basic maintenance  | 0.065   | 0.000   | 0.000   | 0.000   | <b>0.065</b>  |
| Community and Environmental Services: Bridges team - additional revenue costs arising from audit recommendations   | 0.250   | 0.000   | 0.000   | 0.000   | <b>0.250</b>  |
| Community and Environmental Services: Reverse EDT050 (2019-20 saving) linked to management of on street parking which has not been possible to implement as originally planned   | 0.500   | 0.000   | 0.000   | 0.000   | <b>0.500</b>  |
| Community and Environmental Services: Fire Service - Cost pressures including additional costs for Leadership / Talent / Succession, FBT maintenance, fire station   | 0.285   | 0.000   | 0.000   | 0.000   | <b>0.285</b>  |

## Appendix 1: Norfolk County Council Revenue Budget 2022-23

|  | 2022-23 | 2023-24 | 2024-25 | 2025-26 | Total         |
|--|---------|---------|---------|---------|---------------|
|  | £m      | £m      | £m      | £m      | £m            |
| cleaning, Fire Behaviour Training: Variable Supplies Costs, Licence East Coast and Scottow rental costs  |         |         |         |         |               |
| Community and Environmental Services: Growth and Development - Costs associated with strategic transport work, such as Transport East and East-West Rail Consortium memberships  | 0.039   | 0.000   | 0.000   | 0.000   | <b>0.039</b>  |
| Community and Environmental Services: Growth and Development - Strategic Ambitions reserve funding   | 0.079   | 0.000   | 0.000   | 0.000   | <b>0.079</b>  |
| Community and Environmental Services: Growth and Development - One-off funding for local implementation plans arising from the Local Transport Plan adopted by Full Council 29 November 2021   | 0.215   | -0.215  | 0.000   | 0.000   | <b>0.000</b>  |
| Community and Environmental Services: Growth and Development - Enterprise Zone income to reserve for capital projects under MOU  | 0.110   | 0.000   | 0.000   | 0.000   | <b>0.110</b>  |
| Community and Environmental Services: Growth and Development - Upfront investment for project / scheme development - to be met from 2020-21 Business Rates Pool funds for 2022-23 to 2024-25   | 0.000   | 0.000   | 0.000   | 0.250   | <b>0.250</b>  |
| Community and Environmental Services: Customer Services - unwinding of capitalisation of staff now undertaking "business as usual" activity, pressure for additional capacity required to expand web and online service offer, and pressure for fulfilment team central costs of post operations | 0.375   | 0.000   | 0.000   | 0.000   | <b>0.375</b>  |
| Community and Environmental Services: Emerging cost pressures across all services in 2023-24   | 0.000   | 3.000   | 0.000   | 0.000   | <b>3.000</b>  |
| Strategy and Transformation: Delivery of Apprenticeship Strategy 2020-2023 [Cabinet 06/09/2021]  | 0.115   | 0.000   | 0.000   | 0.000   | <b>0.115</b>  |
| Governance: Adjustment to 2025-26 Coroners' budget pressure brought forward  | 0.000   | 0.000   | 0.000   | 0.007   | <b>0.007</b>  |
| Finance and Commercial Services (IMT): Increased Microsoft support costs   | 0.085   | 0.000   | 0.000   | 0.000   | <b>0.085</b>  |
| Finance and Commercial Services (CPT): Recurrent cost pressures from 21-22 activity levels   | 1.558   | 0.000   | 0.000   | 0.000   | <b>1.558</b>  |
| Finance and Commercial Services (CPT): Remote working costs - provision of adjustable desks and chairs following DSE assessment  | 0.100   | 0.000   | 0.000   | 0.000   | <b>0.100</b>  |
| Finance General: Reduction in income following Norwich Airport Industrial Estate disposal [Cabinet 05/07/2021]   | 0.367   | 0.000   | 0.000   | 0.000   | <b>0.367</b>  |
| Finance General: Reduced ESPO dividend income due to impact of COVID   | 0.120   | 0.060   | 0.000   | 0.000   | <b>0.180</b>  |
| Finance General: Provision for specific contractual and other risk pressures identified for 2022-23  | 0.750   | 0.000   | 0.000   | 0.000   | <b>0.750</b>  |
| Finance General: Reduce and phase General Fund contribution over three years to maintain target balance of 5%  | -1.000  | 0.250   | 0.250   | 0.000   | <b>-0.500</b> |
| Finance General: Minimum Revenue Provision   | 0.000   | 3.000   | 0.000   | 0.000   | <b>3.000</b>  |

# Appendix 1: Norfolk County Council Revenue Budget 2022-23

|   | 2022-23      | 2023-24       | 2024-25       | 2025-26       | Total          |
|---|--------------|---------------|---------------|---------------|----------------|
|   | £m           | £m            | £m            | £m            | £m             |
| Finance General: Remove assumptions about application of capital receipts for repayment of debt due to change in Government policy        | 3.400        | 0.000         | 0.000         | 0.000         | <b>3.400</b>   |
| Finance General: One-off application of 2021-22 underspends carried forward to support revenue budget pressures across all services       | -18.000      | 18.000        | 0.000         | 0.000         | <b>0.000</b>   |
|   |              |               |               |               |                |
| <b><u>Net new savings and funding increases for 2022-26</u></b>   |              |               |               |               |                |
| <i>Savings</i>  |              |               |               |               |                |
| Adult Social Services   | -14.740      | -6.175        | -5.700        | 0.000         | <b>-26.615</b> |
| Children's Services   | -5.188       | -1.400        | 0.000         | 0.000         | <b>-6.588</b>  |
| Community and Environmental Services  | -3.030       | -0.236        | 0.000         | 0.000         | <b>-3.266</b>  |
| Strategy and Transformation   | -0.259       | 0.102         | 0.000         | 0.000         | <b>-0.157</b>  |
| Governance  | -0.200       | 0.100         | 0.000         | 0.000         | <b>-0.100</b>  |
| Finance and Commercial Services   | 0.108        | -0.200        | 0.000         | 0.000         | <b>-0.092</b>  |
| Finance General   | -2.880       | 0.250         | 0.000         | 0.000         | <b>-2.630</b>  |
|   |              |               |               |               |                |
| <i>Funding increases</i>  |              |               |               |               |                |
| Provisional Settlement: Additional year of New Homes Bonus Grant  | -1.027       | 1.027         | 0.000         | 0.000         | <b>0.000</b>   |
| Provisional Settlement: NEW (one-off) 2022-23 "Services Grant" (share of £1.5bn announced at Spending Review 2021)                        | -10.687      | 10.687        | 0.000         | 0.000         | <b>0.000</b>   |
| Provisional Settlement: NEW (ongoing) Social Care Grant (share of £1.5bn announced at Spending Review 2021)                               | -11.152      | 0.000         | 0.000         | 0.000         | <b>-11.152</b> |
| Provisional Settlement: NEW Social Care Reform grant (share of National Insurance / Health and Social Care levy for 2022-23 to 2024-25)   | -2.821       | -7.626        | 0.000         | 0.000         | <b>-10.447</b> |
| Business rates 2021-22  | -3.214       | 0.000         | 0.000         | 0.000         | <b>-3.214</b>  |
| Provisional Settlement: iBCF inflationary uplift 2022-23  | -1.163       | 0.000         | 0.000         | 0.000         | <b>-1.163</b>  |
| Provisional Settlement: Revenue Support Grant inflationary uplift 2022-23   | -1.224       | 0.000         | 0.000         | 0.000         | <b>-1.224</b>  |
| Adjustment to budgeted Extended Rights to Free Travel grant to reflect actual funding level   | -0.625       | -0.050        | 0.000         | 0.000         | <b>-0.675</b>  |
| NCC assumption for transitional funding arrangements in 2023-24 Fair Funding Review   | 0.000        | -12.000       | 0.000         | 0.000         | <b>-12.000</b> |
| <b>Gap before council tax changes</b>   | <b>8.349</b> | <b>64.197</b> | <b>25.427</b> | <b>16.931</b> | <b>114.904</b> |
|   |              |               |               |               |                |
| <b>Recommendation 6)d)i) 3.99% increase for 2022-23</b>   |              |               |               |               |                |
| Finance General: Phase one-off application of 2021-22 underspends carried forward to support revenue budget pressures across all services | 4.499        | -8.998        | 4.499         | 0.000         | <b>0.000</b>   |
|   |              |               |               |               |                |
| <b><u>Council tax changes 2022-23</u></b>   |              |               |               |               |                |
| Collection Fund   | -4.328       | 1.683         | 2.645         | 0.000         | <b>0.000</b>   |

# Appendix 1: Norfolk County Council Revenue Budget 2022-23

|  | 2022-23      | 2023-24       | 2024-25       | 2025-26       | Total          |
|--|--------------|---------------|---------------|---------------|----------------|
|  | £m           | £m            | £m            | £m            | £m             |
| Council tax increase % (+1% ASC from 2022-23)            | -4.529       | -4.806        | -4.999        | -5.200        | <b>-19.534</b> |
| Tax base increase  | -3.992       | -1.335        | -0.347        | -0.505        | <b>-6.179</b>  |
|  |              |               |               |               |                |
| <b>Final gap for 2022-23 MTFS</b>                        | <b>0.000</b> | <b>50.740</b> | <b>27.224</b> | <b>11.227</b> | <b>89.191</b>  |
|  |              |               |               |               |                |
| <b>Recommendation 6)d)ii) 2.99% increase for 2022-23</b> |              |               |               |               |                |
| <b><u>Council tax changes 2022-23</u></b>                |              |               |               |               |                |
| Collection Fund  | -4.328       | 1.683         | 2.645         | 0.000         | <b>0.000</b>   |
| Council tax increase % (+1% ASC from 2023-24)            | -0.030       | -4.670        | -4.858        | -5.053        | <b>-14.611</b> |
| Tax base increase  | -3.992       | -1.290        | -0.301        | -0.456        | <b>-6.038</b>  |
|  |              |               |               |               |                |
| <b>Final gap for 2022-23 MTFS</b>                        | <b>0.000</b> | <b>59.920</b> | <b>22.913</b> | <b>11.422</b> | <b>94.255</b>  |
|  |              |               |               |               |                |
| <b>Difference in gap between 2.99% and 3.99%</b>         | <b>0.000</b> | <b>-9.179</b> | <b>4.311</b>  | <b>-0.196</b> | <b>-5.064</b>  |

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

# Appendix 1: Norfolk County Council Revenue Budget 2022-23

**Table 13: 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 2.99% | Norfolk County Council 2.99% | Finance General 3.99% | Norfolk County Council 3.99% |
|------------------------------|-----------------------|---------------------|--------------------------------------|-----------------------------|---------------|---------------------------------|-----------------------|------------------------------|-----------------------|------------------------------|
|                              | £m                    | £m                  | £m                                   | £m                          | £m            | £m                              | £m                    | £m                           | £m                    | £m                           |
| Base Budget 2021-22          | 252.550               | 178.886             | 158.307                              | 8.422                       | 1.904         | 32.235                          | -193.210              | 439.094                      | -193.210              | 439.094                      |
| <b>Growth</b>                |                       |                     |                                      |                             |               |                                 |                       |                              |                       |                              |
| Economic and inflationary    | 8.100                 | 4.679               | 4.789                                | 0.307                       | 0.171         | 1.294                           | 3.805                 | 23.144                       | 3.805                 | 23.144                       |
| Legislative requirements     | 11.816                | 0.600               | 2.066                                | 0.000                       | 0.000         | 0.000                           | 1.077                 | 15.559                       | 1.077                 | 15.559                       |
| Demand and demographic       | 6.400                 | 18.725              | 1.820                                | 0.000                       | 0.080         | 0.000                           | 0.000                 | 27.025                       | 0.000                 | 27.025                       |
| Policy decisions             | 9.163                 | -0.760              | 1.378                                | 0.115                       | 0.051         | 1.226                           | -27.049               | -15.875                      | -22.549               | -11.376                      |
| Funding reductions           | 0.000                 | 0.000               | 0.000                                | 0.000                       | 0.000         | 0.000                           | 34.649                | 34.649                       | 34.649                | 34.649                       |
| Cost neutral increases       | 0.757                 | 0.098               | 1.985                                | 0.354                       | 0.000         | 0.160                           | 1.299                 | 4.653                        | 1.299                 | 4.653                        |
| <b>Total budget increase</b> | <b>36.235</b>         | <b>23.342</b>       | <b>12.037</b>                        | <b>0.776</b>                | <b>0.302</b>  | <b>2.680</b>                    | <b>13.781</b>         | <b>89.154</b>                | <b>18.281</b>         | <b>93.653</b>                |
| <b>Reductions</b>            |                       |                     |                                      |                             |               |                                 |                       |                              |                       |                              |
| Total savings                | -10.465               | -12.088             | -3.496                               | -0.439                      | -0.200        | 0.134                           | -1.880                | -28.434                      | -1.880                | -28.434                      |
| Funding increases            | -15.136               | 0.000               | 0.000                                | 0.000                       | 0.000         | 0.000                           | -15.701               | -30.836                      | -15.701               | -30.836                      |
| Cost neutral decreases       | 0.000                 | -1.075              | -0.687                               | 0.000                       | -0.046        | -1.625                          | -1.220                | -4.653                       | -1.220                | -4.653                       |
| <b>Total budget decrease</b> | <b>-25.601</b>        | <b>-13.163</b>      | <b>-4.182</b>                        | <b>-0.439</b>               | <b>-0.246</b> | <b>-1.491</b>                   | <b>-18.801</b>        | <b>-63.924</b>               | <b>-18.801</b>        | <b>-63.924</b>               |
| <b>Base Budget 2022-23</b>   | <b>263.184</b>        | <b>189.065</b>      | <b>166.162</b>                       | <b>8.759</b>                | <b>1.960</b>  | <b>33.424</b>                   | <b>-198.230</b>       | <b>464.325</b>               | <b>-193.731</b>       | <b>468.824</b>               |
| Funded by: Council tax       |                       |                     |                                      |                             |               |                                 | -462.404              |                              | -466.903              |                              |
| Collection Fund surplus      |                       |                     |                                      |                             |               |                                 | -1.921                |                              | -1.921                |                              |
|                              |                       |                     |                                      |                             |               |                                 | <b>-464.325</b>       |                              | <b>-468.824</b>       |                              |
| 2022-23 Budget Gap           |                       |                     |                                      |                             |               |                                 | 0.000                 |                              | 0.000                 |                              |

# Appendix 1: Norfolk County Council Revenue Budget 2022-23

**Table 14: 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 2.99% | Norfolk County Council 2.99% | Finance General 3.99% | Norfolk County Council 3.99% |
|------------------------------|-----------------------|---------------------|--------------------------------------|-----------------------------|--------------|---------------------------------|-----------------------|------------------------------|-----------------------|------------------------------|
|                              | £m                    | £m                  | £m                                   | £m                          | £m           | £m                              | £m                    | £m                           | £m                    | £m                           |
| Base Budget 2022-23          | 263.184               | 189.065             | 166.162                              | 8.759                       | 1.960        | 33.424                          | -198.230              | <b>464.325</b>               | -193.731              | <b>468.824</b>               |
| <b>Growth</b>                |                       |                     |                                      |                             |              |                                 |                       |                              |                       |                              |
| Economic and inflationary    | 8.319                 | 4.953               | 5.051                                | 0.354                       | 0.070        | 1.479                           | 0.899                 | <b>21.123</b>                | 0.899                 | <b>21.123</b>                |
| Legislative requirements     | 14.354                | 0.000               | -0.190                               | 0.000                       | 0.000        | 0.000                           | 2.061                 | <b>16.225</b>                | 2.061                 | <b>16.225</b>                |
| Demand and demographic       | 6.700                 | 11.500              | 2.990                                | 0.000                       | 0.080        | 0.000                           | 0.000                 | <b>21.270</b>                | 0.000                 | <b>21.270</b>                |
| Policy decisions             | 7.000                 | -0.960              | 2.929                                | 0.000                       | 0.105        | -0.052                          | 27.212                | <b>36.234</b>                | 18.214                | <b>27.236</b>                |
| Funding reductions           | 0.000                 | 0.000               | 0.000                                | 0.000                       | 0.000        | 0.000                           | 1.833                 | <b>1.833</b>                 | 1.833                 | <b>1.833</b>                 |
| Cost neutral increases       | 0.000                 | 0.000               | 0.000                                | 0.000                       | 0.000        | 0.000                           | 0.050                 | <b>0.050</b>                 | 0.050                 | <b>0.050</b>                 |
| <b>Total budget increase</b> | <b>36.373</b>         | <b>15.493</b>       | <b>10.780</b>                        | <b>0.354</b>                | <b>0.255</b> | <b>1.426</b>                    | <b>32.055</b>         | <b>96.735</b>                | <b>23.057</b>         | <b>87.737</b>                |
| <b>Reductions</b>            |                       |                     |                                      |                             |              |                                 |                       |                              |                       |                              |
| Total savings                | -4.175                | -4.900              | -0.236                               | 0.102                       | 0.100        | -0.300                          | 0.250                 | <b>-9.159</b>                | 0.250                 | <b>-9.159</b>                |
| Funding increases            | -7.626                | 0.000               | 0.000                                | 0.000                       | 0.000        | 0.000                           | -1.313                | <b>-8.940</b>                | -1.313                | <b>-8.940</b>                |
| Cost neutral decreases       | 0.000                 | -0.050              | 0.000                                | 0.000                       | 0.000        | 0.000                           | 0.000                 | <b>-0.050</b>                | 0.000                 | <b>-0.050</b>                |
| <b>Total budget decrease</b> | <b>-11.801</b>        | <b>-4.950</b>       | <b>-0.236</b>                        | <b>0.102</b>                | <b>0.100</b> | <b>-0.300</b>                   | <b>-1.063</b>         | <b>-18.149</b>               | <b>-1.063</b>         | <b>-18.149</b>               |
| <b>Base Budget 2023-24</b>   | <b>287.756</b>        | <b>199.608</b>      | <b>176.706</b>                       | <b>9.215</b>                | <b>2.315</b> | <b>34.550</b>                   | <b>-167.238</b>       | <b>542.912</b>               | <b>-171.737</b>       | <b>538.413</b>               |
| Funded by: Council tax       |                       |                     |                                      |                             |              |                                 |                       | -480.992                     |                       |                              |
| Collection Fund surplus      |                       |                     |                                      |                             |              |                                 |                       | -2.000                       |                       |                              |
|                              |                       |                     |                                      |                             |              |                                 |                       | <b>-482.992</b>              |                       |                              |
| 2022-23 Budget Gap           |                       |                     |                                      |                             |              |                                 |                       | 0.000                        |                       |                              |
| 2023-24 Budget Gap           |                       |                     |                                      |                             |              |                                 |                       | 59.920                       |                       |                              |

# Appendix 1: Norfolk County Council Revenue Budget 2022-23

**Table 15: 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 2.99% | Norfolk County Council 2.99% | Finance General 3.99% | Norfolk County Council 3.99% |
|------------------------------|-----------------------|---------------------|--------------------------------------|-----------------------------|--------------|---------------------------------|-----------------------|------------------------------|-----------------------|------------------------------|
|                              | £m                    | £m                  | £m                                   | £m                          | £m           | £m                              | £m                    | £m                           | £m                    | £m                           |
| Base Budget 2023-24          | 287.756               | 199.608             | 176.706                              | 9.215                       | 2.315        | 34.550                          | -167.238              | 542.912                      | -171.737              | 538.413                      |
|                              |                       |                     |                                      |                             |              |                                 |                       |                              |                       |                              |
| <b>Growth</b>                |                       |                     |                                      |                             |              |                                 |                       |                              |                       |                              |
| Economic and inflationary    | 8.433                 | 5.068               | 5.319                                | 0.367                       | 0.075        | 1.544                           | 1.012                 | 21.817                       | 1.012                 | 21.817                       |
| Legislative requirements     | 7.010                 | 0.000               | -0.250                               | 0.000                       | 0.000        | 0.000                           | 0.000                 | 6.760                        | 0.000                 | 6.760                        |
| Demand and demographic       | 5.500                 | 9.500               | 2.050                                | 0.000                       | 0.000        | 0.000                           | 0.000                 | 17.050                       | 0.000                 | 17.050                       |
| Policy decisions             | 0.000                 | -0.540              | 0.000                                | 0.000                       | 0.111        | 0.000                           | 3.250                 | 2.821                        | 7.749                 | 7.320                        |
| Funding reductions           | 0.000                 | 0.000               | 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                        | 0.000                 | 0.000                        |
| <b>Total budget increase</b> | <b>20.943</b>         | <b>14.028</b>       | <b>7.119</b>                         | <b>0.367</b>                | <b>0.186</b> | <b>1.544</b>                    | <b>4.262</b>          | <b>48.448</b>                | <b>8.761</b>          | <b>52.948</b>                |
|                              |                       |                     |                                      |                             |              |                                 |                       |                              |                       |                              |
| <b>Reductions</b>            |                       |                     |                                      |                             |              |                                 |                       |                              |                       |                              |
| Total savings                | -5.700                | -2.500              | 0.000                                | 0.000                       | 0.000        | 0.000                           | 0.000                 | -8.200                       | 0.000                 | -8.200                       |
| Funding increases            | 0.000                 | 0.000               | 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                        | 0.000                 | 0.000                        |
| <b>Total budget decrease</b> | <b>-5.700</b>         | <b>-2.500</b>       | <b>0.000</b>                         | <b>0.000</b>                | <b>0.000</b> | <b>0.000</b>                    | <b>0.000</b>          | <b>-8.200</b>                | <b>0.000</b>          | <b>-8.200</b>                |
|                              |                       |                     |                                      |                             |              |                                 |                       |                              |                       |                              |
| <b>Base Budget 2024-25</b>   | <b>302.998</b>        | <b>211.136</b>      | <b>183.824</b>                       | <b>9.583</b>                | <b>2.501</b> | <b>36.094</b>                   | <b>-162.976</b>       | <b>583.160</b>               | <b>-162.976</b>       | <b>583.160</b>               |

|                         |                 |                 |
|-------------------------|-----------------|-----------------|
| Funded by: Council tax  | -500.328        | -505.196        |
| Collection Fund surplus | 0.000           | 0.000           |
|                         | <b>-500.328</b> | <b>-505.196</b> |
| 2022-23 Budget Gap      | 0.000           | 0.000           |
| 2023-24 Budget Gap      | 59.920          | 50.740          |
| 2024-25 Budget Gap      | 22.913          | 27.224          |

\\norfolk.gov.uk\nccdfs1\Resources-TEAMS\Democratic Services\Committee Team\Committees\Cabinet\Agenda\2022\220131\2022 01 31 Revenue Budget and MTFS FINAL 20-01-2022.docx

# Appendix 1: Norfolk County Council Revenue Budget 2022-23

**Table 16: Summary Net Budget Changes 2025-26**

|                           | Adult Social Services | Children's Services | Community and Environmental Services | Strategy and Transformation | Governance | Finance and Commercial Services | Finance General 2.99% | Norfolk County Council 2.99% | Finance General 3.99% | Norfolk County Council 3.99% |
|---------------------------|-----------------------|---------------------|--------------------------------------|-----------------------------|------------|---------------------------------|-----------------------|------------------------------|-----------------------|------------------------------|
|                           | £m                    | £m                  | £m                                   | £m                          | £m         | £m                              | £m                    | £m                           | £m                    | £m                           |
| Base Budget 2024-25       | 302.998               | 211.136             | 183.824                              | 9.583                       | 2.501      | 36.094                          | -162.976              | 583.160                      | -162.976              | 583.160                      |
| Growth                    |                       |                     |                                      |                             |            |                                 |                       |                              |                       |                              |
| Economic and inflationary | 8.433                 | 5.068               | 5.319                                | 0.367                       | 0.075      | 1.544                           | 1.012                 | 21.817                       | 1.012                 | 21.817                       |
| Legislative requirements  | 0.000                 | 0.000               | -0.200                               | 0.000                       | 0.000      | 0.000                           | 0.000                 | -0.200                       | 0.000                 | -0.200                       |
| Demand and demographic    | 6.100                 | 3.500               | 2.050                                | 0.000                       | 0.000      | 0.000                           | 0.000                 | 11.650                       | 0.000                 | 11.650                       |
| Policy decisions          | 0.000                 | -0.100              | 0.000                                | 0.000                       | 0.118      | 0.000                           | -2.000                | -1.982                       | -2.000                | -1.982                       |
| Funding reductions        | 0.000                 | 0.000               | 0.250                                | 0.000                       | 0.000      | 0.000                           | 0.000                 | 0.250                        | 0.000                 | 0.250                        |
| Cost neutral increases    | 0.000                 | 0.000               | 0.000                                | 0.000                       | 0.000      | 0.000                           | 0.000                 | 0.000                        | 0.000                 | 0.000                        |
| Total budget increase     | 14.533                | 8.468               | 7.419                                | 0.367                       | 0.193      | 1.544                           | -0.988                | 31.535                       | -0.988                | 31.535                       |
| Reductions                |                       |                     |                                      |                             |            |                                 |                       |                              |                       |                              |
| Total savings             | 0.000                 | 0.000               | 0.000                                | 0.000                       | 0.000      | 0.000                           | 0.000                 | 0.000                        | 0.000                 | 0.000                        |
| Funding increases         | 0.000                 | 0.000               | 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                        | 0.000                 | 0.000                        |
| Total budget decrease     | 0.000                 | 0.000               | 0.000                                | 0.000                       | 0.000      | 0.000                           | 0.000                 | 0.000                        | 0.000                 | 0.000                        |
| Base Budget 2025-26       | 317.531               | 219.603             | 191.243                              | 9.950                       | 2.694      | 37.639                          | -163.965              | 614.695                      | -163.965              | 614.695                      |

|                         |  |          |          |
|-------------------------|--|----------|----------|
| Funded by: Council tax  |  | -520.440 | -525.504 |
| Collection Fund surplus |  | 0.000    | 0.000    |
|                         |  | -520.440 | -525.504 |
| 2022-23 Budget Gap      |  | 0.000    | 0.000    |
| 2023-24 Budget Gap      |  | 59.920   | 50.740   |
| 2024-25 Budget Gap      |  | 22.913   | 27.224   |
| 2025-26 Budget Gap      |  | 11.422   | 11.227   |

- 4.37. 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 2022-23. The Executive Director of Finance and Commercial Services' judgement on the robustness of the 2022-23 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 £68m, which have been identified for 2022-23 and been incorporated into the Budget in February after being reviewed and validated.
- New saving proposals totalling £26.189m
- Review and validation of the deliverability of previously planned saving programmes has been undertaken so that changes can be reflected in final budget setting for 2022-23. Any saving proposals which are now judged to be at risk of either non-delivery or delay have been removed or delayed as appropriate from 2022-23 and future years.
- 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 2022-23, however it should be noted that inflation figures are estimates only for future years and these will continue to change.

### **Assumptions and Risks**

- The Budget assumes that all the savings proposed and included for 2021-22 can be successfully achieved.
- The latest information about the 2021-22 budget monitoring position is set out in the Financial Monitoring report elsewhere on the agenda. A number of the issues identified in the 2021-22 position are provided for in the pressures included in the 2022-23 Budget, however, save where they have been specifically mitigated within the budget process, the underlying assumption for budget setting is that the 2021-22 Budget is delivered (i.e. that all savings are achieved as planned and there are no significant unfunded overspends). This effectively assumes that any "unmitigated" non delivery of savings from 2021-22 can be made up during 2022-23.
- The Chancellor's Spending Review and Budget 2021 announcements, as confirmed in the provisional Settlement, are expected to provide additional resources in 2022-23 beyond the level assumed in the February 2021 MTFS. These represent both funding for core serves and specific funding for social care. Further details are provided in Section 3. This additional funding will enable a number of the pressures identified in the Budget process to be mitigated to ensure a robust position can be established for 2022-23. Assumptions have also been made that elements of funding will continue in

2023-24 and beyond, but the settlement is also clear that some are one-off in nature. The Council has assumed that transitional arrangements will “smooth” some of the impact of such funding changes but details of any proposed approach remain to be announced by Government. The short-term nature of the settlement announcement (for 2022-23 only, in spite of a multi-year Spending Review) 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 2023-24 if these assumptions have to be subsequently reversed. Finally, the trajectory for local authority funding implied by both the Spending Review and settlement is for only very limited increases in core ongoing funding in 2023-24 and beyond. Government continues to make assumptions about council tax increases which effectively transfer the burden of funding services to Norfolk taxpayers. 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.

- Council tax increases are recommended as set out elsewhere in these papers. 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. 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 annual tax base increases of 1.38% in 2022-23 and 1.00% for 2023-24 and subsequent years**. If these do not occur, the budget gap would be increased, but equally, additional growth would reduce the gap. This position reflects the broad Norfolk trends experienced in recent years (with the exception of the impact of COVID-19 in 2021-22) in relation to 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 2022.
- The 2022-23 Budget makes a general contingency provision for a pay award of up to 3%. However, at the time of preparing this report, the pay award for the 2021-22 financial year has not yet been agreed, and unions have not yet submitted a claim for 2022-23. In broad terms, every 1% pay increase represents an additional £2.5m pressure to the Council.
- Pay inflation from 2023-24 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.

- The assumed use of one-off funding including reserves within savings proposals. Significantly the 2022-23 Budget assumes that £18.000m can be deployed in year to meet identified service pressures. **The use of one-off resources contributes materially to the scale of the budget gap to be addressed in 2023-24.**
- Assumptions have been made in relation to the **allocation of the new 2022-23 Social Care grant which sees the grant being fully aligned to Adult Social Services**. It is a key concern that no inflationary or other uplift in this funding appears to be provided for. In addition, it has been assumed that new funding for Social Care via the National Insurance uplift in 2022-23 can be applied to meet costs associated with market pressures and the fee uplift. In relation to future years it is unclear whether the additional funding being provided will be adequate to meet cost pressures associated with planned reforms to Adult Social Care.
- As a result of the December 2020 Judicial Review into the Council's charging policy relating to Adult Social Care, the Council's Cabinet in January 2021 agreed to make an interim amendment to the charging policy for non-residential care for people of working age, setting a minimum income guarantee of £165 per week, and using discretion to disregard the enhanced daily living allowance element of Personal Independence Payment. The Council's financial planning for 2022-26 continues to reflect the financial implications of this decision. Government announcements indicate that the minimum income guarantee is likely to be increased by inflation from April 2022 and wider charging policy reforms will be undertaken nationally as part of the reform of Adult Social Care. These changes will be fully reflected in the MTFS as the detail becomes clearer. There is a risk that the Adults Business Risk Reserve may also be required to fund new pressures in 2022-23 linked to the non-delivery of savings and / or other pressures, however the timing of any such issues and whether these would attract funding from Government is currently unclear.
- 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.
- 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 below).
- The Council submitted a disapplication request in respect of the Dedicated Schools Grant (DSG) for 2022-23 for 1% transfer in addition to the 0.5% transfer from the Schools Block (SB) to the High Needs Block (HNB) agreed by Schools Forum on 17 November 2021. The Council is awaiting notification from the Secretary of State as to whether the request has been accepted or declined. At present the DSG Management Plan assumes that the request will be accepted. If this is not the case, the in-year forecast pressure for 2022-23 and cumulative deficit anticipated by the end of 2022-23 will increase by £5.686m. The DSG deficit arises from the historic underfunding of the HNB, which supports high needs places in state special schools, independent schools, and Alternative

Provision (AP). A recent consultation from the Department for Education (DfE) regarding the funding formula evidenced that Norfolk continues to be under funded due to a capping system in place. Norfolk is currently carrying an outstanding DSG deficit from previous financial years, with a forecast £54.324m cumulative deficit forecast for the end of 2021-22. On the basis of the accounting treatment introduced in 2020<sup>15</sup> by the Government:

- the DSG is a ring-fenced specific grant separate from the general funding of Local Authorities (LAs);
- 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.

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 the National Special Educational Needs and Disability (SEND) Review and future 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 Council 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 Council 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 Council is required to have a plan in place for the management of the DSG where it is in a deficit position. Norfolk's plan has been shared with the DfE as well as with Norfolk Schools Forum on a regular basis, 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 and Alternative Provision (AP) transformation programme is expected to deliver significant savings, which are shown in the table below:

**Table 17: Forecast SEND and AP transformation programme savings**

|  | 2021-22<br>£m | 2022-23<br>£m | 2023-24<br>£m | 2024-25<br>£m | 2025-26<br>£m |
|--|---------------|---------------|---------------|---------------|---------------|
|--|---------------|---------------|---------------|---------------|---------------|

<sup>15</sup> <https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2019-to-2020/dedicated-schools-grant-conditions-of-grant-2019-to-2020#accounting>

## Appendix 1: Norfolk County Council Revenue Budget 2022-23

|                              |        |         |         |         |         |
|------------------------------|--------|---------|---------|---------|---------|
| Savings (iterative)          | -3.474 | -6.389  | -6.248  | -3.299  | -2.369  |
| Savings (cumulative in-year) | -4.847 | -11.235 | -17.484 | -20.783 | -23.152 |
| Savings (cumulative total)   | -6.219 | -17.455 | -34.938 | -55.721 | -78.873 |

Lower delivery of savings, or growth above budgeted levels (as has been seen over the last 12 months), could result in an increase to the cumulative deficit forecast in the DSG recovery plan.

The demand that the Council is anticipating outstrips supply in future years, based upon the trends seen since the policy changes made in the SEND Reform Act. The Council 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 Council 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. The Budget assumes that cost pressures and capital schemes to achieve 2030 carbon neutrality linked to the Environmental Policy are sufficient.
- Pressures forecast within waste and highways budgets can be accommodated within the additional funding allocations. There is an ongoing risk in relation to potential pressures within the County 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 2021-22 financial year are currently projected to be around 3% or 7,000 tonnes more than allowed for, with the amount of recycling and

garden waste collected by District Councils, which the County Council contributes to the cost of dealing with, currently expected to be around the levels allowed for. During 2022-23 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 were provided to upper tier local authorities to support families and adults struggling financially as a result of the covid pandemic. This was bolstered in October 2021 with a new Household Support Fund to support “the final stages of recovery,” alongside other funding in place to help vulnerable households and individuals. Government has provided welcome funding to date but there remains therefore a risk that need will continue for an extended or ongoing period and that local authorities will be expected to meet this demand without further additional resources.
- On 27 October 2021, the Government announced<sup>16</sup> National Living Wage increases which will come into effect from April 2022. These reflect a significant 6.6% increase from £8.91 to £9.50 for workers aged over 23. This level of material increase in the National Living Wage is allowed for in the Council’s own pay scales, but it will be challenging in the medium term if this level of increase is sustained. It will also 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 2022-23 report to Cabinet elsewhere on this agenda. The Council’s fee uplift is set at a level intended to enable providers to offer pay at National Living Wage rates but this represents a major financial pressure for the Council – in broad terms, every penny increase in the National Living Wage rate represents a pressure of approximately £0.200m for Adult Social Care. In summary, increases to meet the National Living Wage pay rates have been provided for within 2022-23 budget plans, but future increases will put significant pressure on the medium term position.
- The new HR and Finance System can be implemented as currently planned from April 2022 in order to deliver savings from 2022-23 and within the budgetary provision now made for revenue and capital costs. Further details are set out in the Capital Programme elsewhere on the agenda.

4.38. 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, the impact and economic 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 18 days of the Council’s net budget activity. While recognising the changing picture, and increasing levels of risk, the proposed revenue budget for 2022-23 is based on increasing general balances to £23.268m. This position acknowledges the

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<sup>16</sup> <https://www.gov.uk/government/publications/minimum-wage-rates-for-2022>

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 pressures and risks in 2022-23. 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 2022-23 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.

4.39. Taking these issues into account, and in line with Cabinet decisions in November 2021, it is the recommendation of the Section 151 Officer that early planning is undertaken in respect of 2023-24 and the scope to address pressures within the constraints of the overall budget should be reviewed in the round during 2022-23. This should be informed by, but cannot be contingent upon, the progress of any local government funding reform brought forward for 2023-24. It may be that further specific details of the longer term funding allocations for the Council are not known until late in 2022-23. **In this context 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 2023-24, 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. The proposed timetable for 2023-24 Budget setting in Table 2 reflects these considerations.

## 5. Council tax

5.1. The level of council tax and Adult Social Care (ASC) precept is set annually by Members in the context of thresholds determined by Government. Legislation requires that any council tax increase in excess of a limit / threshold determined by the Secretary of State for Levelling Up, Housing and Communities and approved by the House of Commons, must be decided by local voters, who, through a local referendum, will be able to approve or veto the proposed increase. The threshold for 2022-23 has been provisionally announced as 3% **plus** any deferred amount of ASC precept available from 2021-22. For Norfolk County Council in 2022-23 this equates to 2% for general council tax and 2% for the Adult Social Care precept, a referendum threshold of 4%. At the Spending Review 2021, the Government also confirmed its intention to set a threshold of 3% (2% general and 1% ASC precept) for 2023-24 and 2024-25. The threshold is normally finalised annually alongside the Final Local Government Finance Settlement. The principles as currently set out would not

provide scope for any unused 2022-23 ASC precept to be carried forward to 2023-24, i.e. if not taken in 2022-23 that discretion will be lost.

5.2. The MTFS approved by Members in February 2021 assumed a 1.99% increase in council tax for 2022-23 and subsequent years, plus a 1.00% increase in the Adult Social Care precept for 2022-23 (deferred from 2021-22). In November, Cabinet agreed to undertake consultation on a proposed increase in council tax of 2.99% (in line with the February MTFS). **Having reviewed the latest financial position and the underlying Budget proposals for 2022-23, the Section 151 Officer recommends that Members adopt the maximum council tax increase available within the referendum threshold, plus the deferred amount of ASC precept from 2021-22, an overall increase of 3.99% for 2022-23.** The table below sets out the additional income available from an increase of 3.99% compared to an increase of 2.99%.

**Table 18: Forecast additional income from council tax increase in 2022-23**

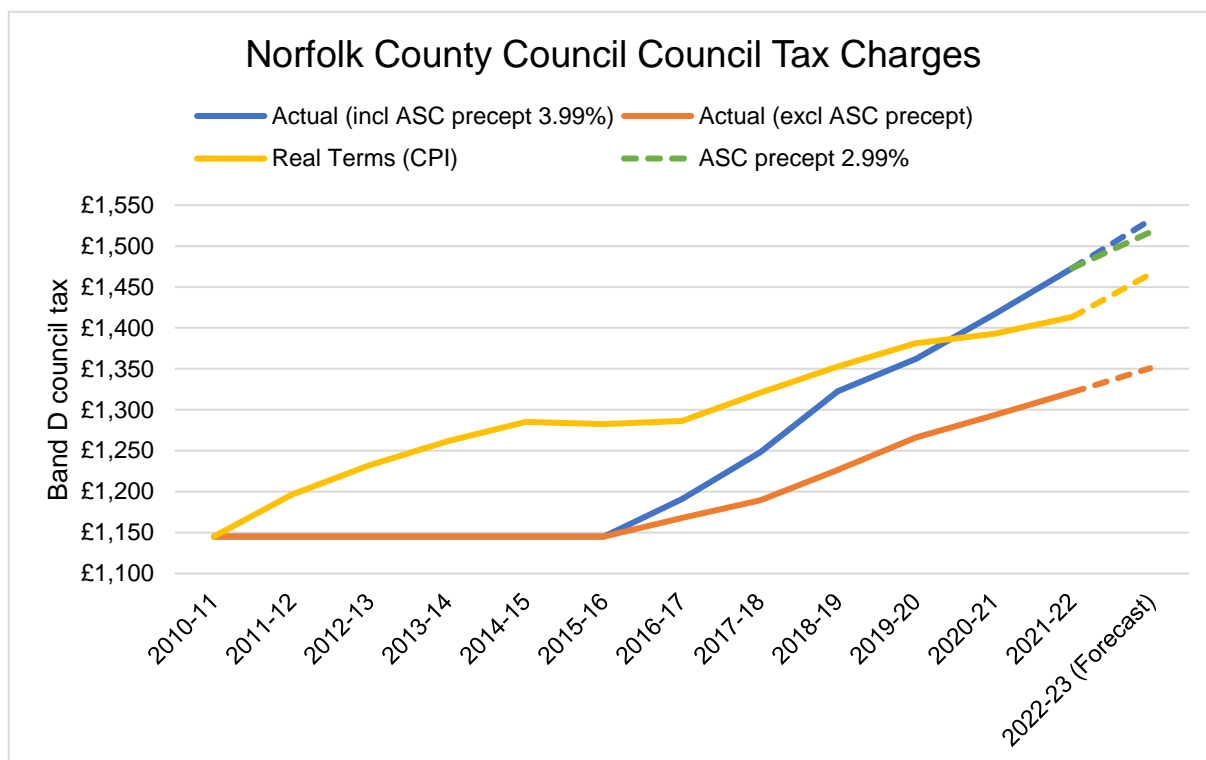
|                           | 2022-23<br>£m  | 2022-23<br>£m  | Difference<br>£m |
|---------------------------|--|--|------------------|
|                           | <b>2.99% increase<br/>(per November<br/>Cabinet)</b> | <b>3.99% increase<br/>(Section 151<br/>Officer<br/>recommendation)</b> | <b>1.00%</b>     |
| General council tax       | -8.944   | -8.944   | 0.000            |
| Adult Social Care precept | -4.472   | -8.971   | -4.499           |
| <b>Total</b>              | <b>-13.415</b>                                       | <b>-17.915</b>   | <b>-4.499</b>    |

5.3. The increase in council tax contributes to closing the 2022-23 budget gap and mitigating the gap in future years. **An overall council tax increase of 3.99% would enable a substantially more robust budget for 2022-23 and in particular helps to support a sustainable position over the Medium Term Financial Strategy period.** An increase of 2.99% would enable a balanced 2022-23 Budget to be agreed, but will require significantly greater reliance on one-off resources during the year which would in turn result in a materially higher gap to be addressed for 2023-24. **A 2.99% increase would require early Member decisions to be made during 2022-23 to support the following year's budget process and in particular would require circa £9m of additional savings to be found for 2023-24, when compared to a 3.99% increase.**

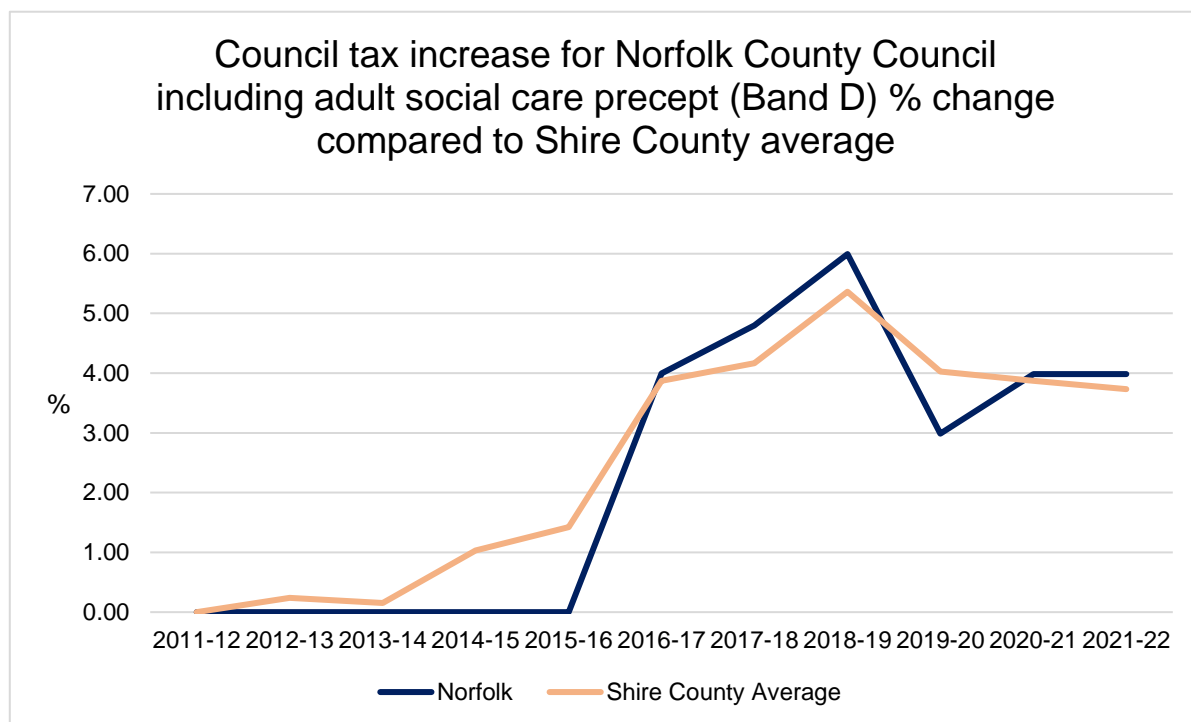
5.4. The referendum threshold of 3% (plus any deferred ASC precept available) is intended by Government to allow local authorities to raise additional resources to meet increased costs within social care and also across wider services. The chart below illustrates how historic and planned council tax increases compare with the level it would have been if CPI increases had been applied since 2010-11. 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. Comparison of changes in the County Council's band D council tax indicates that most upper tier shire counties have made similar decisions in recent years in relation to the level of council tax increase to apply.

**Chart 1: Actual council tax levels compared to theoretical CPI increases**



**Chart 2: Norfolk County Council council tax increases compared to average for shire counties**

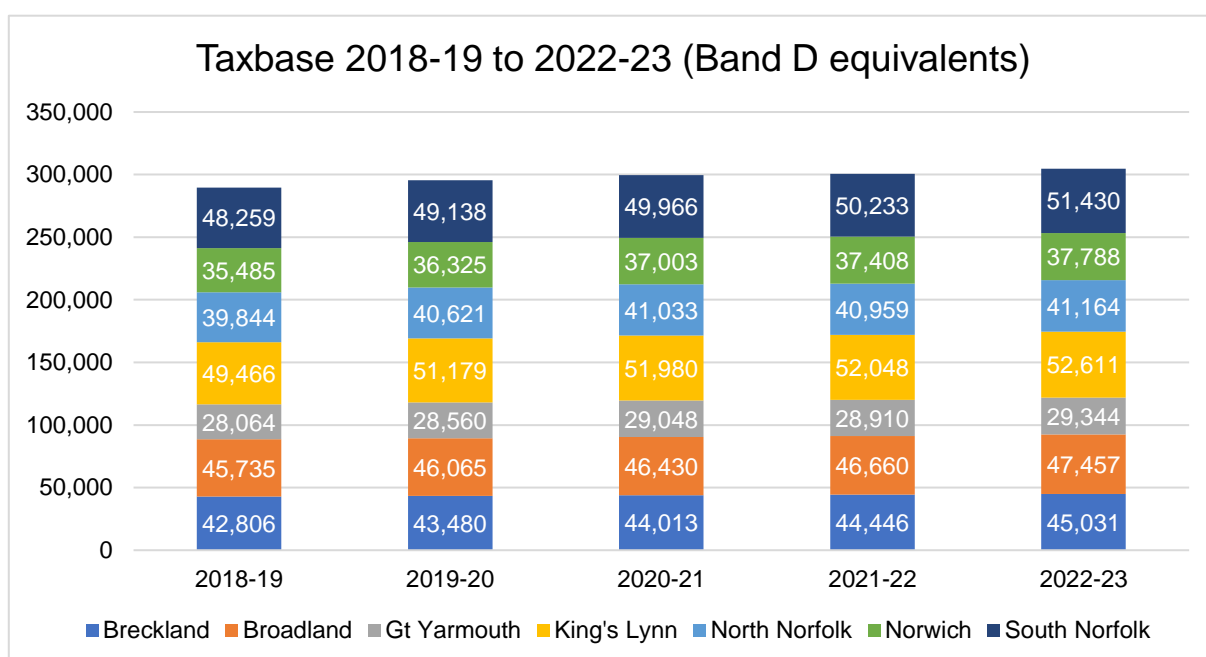


5.5. The Government will examine council tax increases and budget increases when final decisions have been made throughout the country. County Councils are required by regulations to declare their level of council tax precept by the end of February.

5.6. 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.

5.7. 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. Current forecasts suggest that between 2016-17 and 2022-23, Norfolk will have experienced average growth in the tax base of 1.55% per year. However, the level of growth forecast for 2022-23 is slightly lower than this, at 1.38%, although showing a strong recovery from the level projected in 2021-22, which was impacted by COVID-19. The chart below shows the tax base for each district since 2016-17.

Chart 3 Norfolk Band D equivalent tax base 2016-17 to 2022-23 (forecast)



5.8. As set out in Table 10, 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, the Government 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). The Council subsequently agreed that the Adult Social Care precept should be increased by 2% in 2021-22 with a further 1% increase deferred to 2022-23. This decision was taken in recognition of the cumulative impact of council tax increases. For 2022-23 Government has confirmed an ASC precept of 1% plus any deferred element from 2021-22. This report presents Cabinet with two options for the increase in council tax for 2022-23, either 2.99% or 3.99%. This reflects the views of the Section 151 officer that:

- a robust budget can be proposed for 2022-23 based on either a 1.00% or a 2.00% Adult Social Care precept increase, however an increase of 2.00% will **enable a substantially more robust** medium term position and reduces the material budget gap forecast for 2023-24;
- it remains critical to secure available increases in the Adult Social Care precept within the base budget to provide additional resources to meet Adult Social Care pressures. The deferral 1% of the Adult Social Care precept from 2021-22 provided an opportunity to do this, but needs to be capitalised on in 2022-23 by taking the full precept increase now available. Doing so will enable demographic and other pressures within the Adult Social Care budget to be met in 2022-23 and beyond;

- the Government continues with its general assumption 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.
- in "[\*Build Back Better: Our Plan for Health and Social Care\*](#)"<sup>17</sup>, the Government has clearly set out its expectation that "*demographic and unit cost pressures will be met through Council Tax, social care precept, and long-term efficiencies.*" The nature and level of pressures within the system, and the achievability of further long term efficiencies in the context of more than ten years of budget savings, mean that meeting this expectation will be extremely challenging (and not achievable in the medium term) if the Council fails to raise the maximum available ASC precept.
- the pressures within the current budget planning position are such that, unless mitigated by additional savings or government funding, the Executive Director of Finance and Commercial Services considers that the Council will have very limited opportunity to vary these assumptions, and in the event that the Government offered the discretion for larger increases in council tax, or further increases in the Adult Social Care precept, this would be the recommendation of the Section 151 Officer in order to ensure that the Council's financial position remains robust and sustainable. This judgement reflects:
  - the levels of emerging service pressures balanced against saving proposals identified;
  - consideration of the robustness of the Council's overall 2022-23 budget;
  - the risks for the longer term financial position, and in particular the need to ensure that a resilient budget can be set in future years,
  - reliance on one-off measures to support the 2022-23 Budget which will need to be addressed in 2023-24.
  - the considerable remaining uncertainty around risks, funding and cost pressures in 2023-24 and beyond.

5.9. In the context of the above, a fundamental review of how the Council operates (with resultant savings) would have a bearing on the above advice if it enhanced the robustness of the Council's MTFS. In other words, an ASC precept increase of 1% in 2022-23 could be made more robust if supported, as it is, by a commitment and plan for early identification and implementation of material ongoing savings for 2023-24. The precise final level of any change in council tax will be confirmed in February 2022 and is subject to Member decision making annually.

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<sup>17</sup> <https://www.gov.uk/government/publications/build-back-better-our-plan-for-health-and-social-care/build-back-better-our-plan-for-health-and-social-care#our-plan-for-adult-social-care-in-England>  
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5.10. 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 2022-23.

5.11. 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

5.12. The table below sets out the current proposals within the MTFS and reflected within this report.

**Table 19: Proposed Council Tax assumptions in MTFS**

|                           | 2021-22      | 2022-23                            | 2023-24      | 2024-25      | 2025-26      |
|---------------------------|--------------|------------------------------------|--------------|--------------|--------------|
| General council tax       | 1.99%        | 1.99%                              | 1.99%        | 1.99%        | 1.99%        |
| Adult Social Care precept | 2.00%        | 1.00%<br>or<br>2.00%               | 1.00%        | 1.00%        | 1.00%        |
| <b>Total increase</b>     | <b>3.99%</b> | <b>2.99%</b><br>or<br><b>3.99%</b> | <b>2.99%</b> | <b>2.99%</b> | <b>2.99%</b> |

5.13. 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 2022-23 budget will include:

- **Either** a 1.99% increase in general (basic) council tax and a 2.00% increase in the Adult Social Care precept (including 1.00% deferred from 2021-22) as recommended by the Executive Director of Finance and Commercial Services (Section 151 Officer).
- **Or** a 1.99% increase in general (basic) council tax and a 1.00% increase in the Adult Social Care precept (being the 1.00% deferred from 2021-22).

5.14. This will need to be considered at the County Council meeting on 21 February 2022.

5.15. For planning purposes, from 2023-24 the Medium Term Financial Strategy assumes increases of general council tax of 1.99%, and increases of 1.00% in the Adult Social Care precept, reflecting thresholds set out at the Spending Review 2021. If the referendum threshold were increased in 2023-24 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.

## Appendix 1: Norfolk County Council Revenue Budget 2022-23

5.16. The calculation of total payments of either £464.325m (2.99%) or £468.824m (3.99%) due to be collected from District Councils in 2022-23 based on a council tax increase as set out, together with the instalment dates and the council tax level for each valuation band A to H is set out below.

5.17. 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 2022-23 budget in order that he can make payments, raise and repay loans, and invest funds.

### Council tax precept 2022-23

5.18. 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.

5.19. 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 20: Council tax precept 2022-23**

|  | <b>2.99%<br/>£m</b> | <b>3.99%<br/>£m</b> |
|--|---------------------|---------------------|
| Precept Charge on District Councils  | 462.404             | 466.903             |
| <u>Plus:</u>   |                     |                     |
| Estimated Surplus / (Deficit) on District Council Collection Funds etc.                | 1.921               | 1.921               |
| <b>Total payments due from District Councils<br/>(2022-23 Council Tax Requirement)</b> | <b>464.325</b>      | <b>468.824</b>      |
|  |                     |                     |
| Council Tax for an average Band "D" Property in 2022-23                                | £1,516.95           | £1,531.71           |
| Council Tax for an average Band "B" Property in 2022-23                                | £1,179.85           | £1,191.33           |

**Table 21: Total payments to be collected from District Council in 2022-23 (2.99%)**

| District Council             | Tax Base          | Collection Fund Surplus / (Deficit) | Precept at 2.99%    | Total Payments Due  |
|------------------------------|-------------------|-------------------------------------|---------------------|---------------------|
|                              | (a)               | (b)                                 | (c)                 | (d)                 |
|                              |                   | £                                   | £                   | £                   |
| Breckland                    | 45,031.40         | £160,729                            | £68,310,382         | £68,471,112         |
| Broadland                    | 47,457.00         | £644,468                            | £71,989,896         | £72,634,364         |
| Great Yarmouth               | 29,344.00         | £270,711                            | £44,513,381         | £44,784,092         |
| King's Lynn and West Norfolk | 52,610.50         | £395,325                            | £79,807,498         | £80,202,823         |
| North Norfolk                | 41,163.98         | £24,642                             | £62,443,699         | £62,468,341         |
| Norwich                      | 37,788.00         | £1,990                              | £57,322,507         | £57,324,497         |
| South Norfolk                | 51,430.00         | £423,073                            | £78,016,739         | £78,439,812         |
| <b>Total</b>                 | <b>304,824.88</b> | <b>£1,920,938</b>                   | <b>£462,404,102</b> | <b>£464,325,040</b> |

**Table 22: Total payments to be collected from District Council in 2022-23 (3.99%)**

| District Council             | Tax Base          | Collection Fund Surplus / (Deficit) | Precept at 3.99%    | Total Payments Due  |
|------------------------------|-------------------|-------------------------------------|---------------------|---------------------|
|                              | (a)               | (b)                                 | (c)                 | (d)                 |
|                              |                   | £                                   | £                   | £                   |
| Breckland                    | 45,031.40         | £160,729                            | £68,975,046         | £69,135,775         |
| Broadland                    | 47,457.00         | £644,468                            | £72,690,361         | £73,334,829         |
| Great Yarmouth               | 29,344.00         | £270,711                            | £44,946,498         | £45,217,209         |
| King's Lynn and West Norfolk | 52,610.50         | £395,325                            | £80,584,029         | £80,979,354         |
| North Norfolk                | 41,163.98         | £24,642                             | £63,051,280         | £63,075,922         |
| Norwich                      | 37,788.00         | £1,990                              | £57,880,257         | £57,882,247         |
| South Norfolk                | 51,430.00         | £423,073                            | £78,775,845         | £79,198,918         |
| <b>Total</b>                 | <b>304,824.88</b> | <b>£1,920,938</b>                   | <b>£466,903,317</b> | <b>£468,824,255</b> |

**Council tax collection**

5.20. The precept (column (c) above) for 2022-23 will be collected in 12 instalments from the District Council Collection Funds, as follows:

**Table 23: 2022-23 precept instalments**

| <b>Payment</b> | <b>Date</b>       | <b>%</b>    |
|----------------|-------------------|-------------|
| 1              | 29 April 2022     | 8%          |
| 2              | 19 May 2022       | 9%          |
| 3              | 20 June 2022      | 9%          |
| 4              | 19 July 2022      | 9%          |
| 5              | 19 August 2022    | 9%          |
| 6              | 19 September 2022 | 9%          |
| 7              | 19 October 2022   | 9%          |
| 8              | 21 November 2022  | 9%          |
| 9              | 19 December 2022  | 9%          |
| 10             | 19 January 2023   | 9%          |
| 11             | 20 February 2023  | 3%          |
| 12             | 20 March 2023     | 8%          |
|                |                   | <b>100%</b> |

5.21. Where a surplus on collection of 2021-22 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 2022 to February 2023 precept payments.

5.22. Where a deficit on collection of 2021-22 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 2022 to February 2023 precept payments.

## **2022-23 council tax bands**

5.23. 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 24: Norfolk County Council 2022-23 council tax bands**

| <b>Band</b> | <b>Either<br/>2.99%<br/>£</b> | <b>Or<br/>3.99%<br/>£</b> |
|-------------|-------------------------------|---------------------------|
| A           | 1,011.30                      | 1,021.14                  |
| B           | 1,179.85                      | 1,191.33                  |
| C           | 1,348.40                      | 1,361.52                  |
| D           | 1,516.95                      | 1,531.71                  |
| E           | 1,854.05                      | 1,872.09                  |
| F           | 2,191.15                      | 2,212.47                  |
| G           | 2,528.25                      | 2,552.85                  |
| H           | 3,033.90                      | 3,063.42                  |

## 6. Business rate pool 2022-23

- 6.1. Between 2013-14 and 2020-21 Norfolk County Council participated in a Business Rate Pool (Pilot in 2019-20) with other Norfolk Local Authorities. Taking into account the level of risk attached to pooling in 2021-22 as a result of the significant impact of COVID-19 on business rates, Norfolk Leaders agreed to withdraw from pooling in 2021-22.
- 6.2. The opportunity for pooling was reviewed for 2022-23 and full details were presented to Cabinet in November in the report [Business Rates Pool – Annual Report 2020-21 and Pooling Decision 2022-23](#)<sup>18</sup>. In November, Cabinet endorsed the proposed application and governance arrangements for the 2022-23 Norfolk Business Rates Pool. As part of the provisional Settlement announced 16 December, Government has confirmed its intention to designate Norfolk County Council and all Norfolk Districts as a Pool on the terms requested. Any prospective member of the Pool had until 13 January 2022 to indicate to Government that they wished to withdraw. No prospective member of the Pool has done so, and it is therefore anticipated that Government will confirm the Norfolk Pool for 2022-23 at the Final Settlement announcement. The 2022-23 Pool is expected (based on current forecasts) to deliver additional one-off revenue Budget resources to Norfolk County Council of approximately £2.6m. These funds would be available for use, at the Council's discretion, from 2023-24 and could potentially be used to support / mitigate the 2023-24 Budget gap
- 6.3. Cabinet is asked to note the expected establishment of the 2022-23 Pool, and the resources which are forecast to be available to the Council in future budget years.

## 7. Service strategy and new saving proposals for 2022-23

- 7.1. Total saving proposals for this year's budget process total £45.793m, of which £28.434m relate to 2022-23 as shown in the table below.

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<sup>18</sup> Business Rates Pool – Annual Report 2020-21 and Pooling Decision 2022-23, Cabinet, 08/11/2021, agenda item 15  
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**Table 25: Summary of MTFS savings proposals for 2022-23 to 2025-26**

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

7.2. The following sections of the Budget report set out details of the financial and savings strategy for each Department, along with details of the new savings proposals for 2022-23. These have been subject to consultation and further validation work to ensure that they are robust and deliverable prior to being included in the Budget presented to Cabinet for recommendation to Full Council for consideration in February 2022. No final decisions on the implementation of savings will be made until February 2022 when the County Council considers the Cabinet's proposed Budget for 2022-23, including the findings of public consultation and equality impact assessments.

7.3. As part of the 2022-23 Budget setting process, the County Council undertook a further round of savings development in December 2021 to identify an additional £5m of savings to support the 2022-23 Budget and following decisions by Cabinet in November 2021. This process resulted in further savings totalling £5.130m for 2022-23 being proposed. These have been incorporated within the budget proposals set out in these reports.

7.4. If following agreement of the 2022-23 Budget it subsequently becomes apparent (once the Council starts to implement the proposals) that any Budget proposals impact on the delivery of services, then the Council would carry out detailed consultation on those during 2022-23 prior to the proposals being implemented. Equality impact assessments would also be undertaken as required. If necessary, this process will enable Cabinet to make a decision on whether or not to implement proposals, taking into account the findings of consultation and EQIA. In the event that any savings cannot be delivered in the year, or shortfall on savings delivery were to arise due to the timing of implementation, it is proposed that these would be mitigated to the extent possible via service Business Risk Reserves in the first instance.

7.5. Details of Service Budgets and savings currently included within them are set out in Sections 8 to 13.

## 8. 2022-23 Budget proposals - Adult Social Services

### Service Strategy and context

#### National Context

8.1. Nationally Adult Social Care is undertaking the largest policy change since the introduction of the Care Act in 2014. In September 2021, Government produced its Build Back Better plan for Health and Social Care which outlined the launching of some fundamental and ambitious policy reforms. This was shortly followed by its December 2021, White Paper “People at the Heart of Care” that provided an additional layer of detail on the first major steps towards delivering this significant and important reform. The national vision for Adult Social Care is underpinned by three key objectives and set out that government wants to make sure people:

- a) have the choice, control and support they need to live independent lives,
- b) can access outstanding quality, as well as, tailored care and support,
- c) find adult social care fair and accessible.

8.2. The details provided in the White Paper are a beginning of the reform, with a White Paper on Integration due to be published shortly. It is welcome to have a 10-year vision for Adult Social Care to put alongside the NHS Plan, and our own strategy, Better Together for Norfolk. The vision reaffirms the Care Act as the cornerstone of how we operate, but also calls for reform and innovations with a strong emphasis on developing change with people with lived experience.

8.3. Within the two documents described above, Government declares that, funded through a new Health and Care levy, it will invest £5.4bn over the next 3 years. This funding will be introduced to fund policy linked to the delivery of transformation that will:

- a) introduce a cap on personal care costs [from October 2023];
- b) provide financial assistance to those without substantial assets;
- c) deliver wider support for the social care system, particularly our brilliant social care staff; and
- d) improve the integration of health and social care systems.

8.4. Whilst we await further specifics in relation to conditions and allocations of the funding towards the reforms, the following has been released either through the above White Paper or the more recent Local Government Finance Settlement.

8.4.1. £3.6 billion to pay for the cap on care costs, the extension to means test (£2.2bn) and support progress towards local authorities paying a fair cost of care which together will remove unpredictable care costs (£1.4bn).

8.4.2. £1.7bn to improve Social Care across England, including:

- At least £300 million to integrate housing into local health and care strategies
- At least £150 million of additional funding to drive greater adoption of technology and achieve widespread digitisation
- At least £500 million towards the Social Care workforce
- Up to £25m to support unpaid carers
- £30 million to help local areas innovate around the support and care they provide in new and different ways
- A new national website with at least £5m to pilot new ways of helping people understand and access care
- More than £70 million to increase the support offer across adult social care to improve the delivery of care and support services

8.5. Of the £1.4bn towards paying a “fair cost of care”, only £162m is available in 2022/23, with £600m for each of the remaining years. This fund called “Market Sustainability and Fair Cost of Care” will provide Norfolk with £2.8m (of the £162m nationally) of additional funding in the next financial year. Further details of this funding are included on the ASC Fee uplift paper elsewhere on the agenda.

## Local Context

8.6. The Better Together, for Norfolk Council strategy creates 5 clear priorities. The Adult Social Care strategy underpinning the departments delivery of these priorities is called Promoting Independence: Living Well and Changing Lives. For Norfolk, our vision for Adult Social Care is to “support people to be independent, resilient and well”.

## Promoting Independence: Living Well and Changing Lives



8.7. Promoting Independence: Living Well and Changing Lives represents the second phase of our strategy and has 8 core ambitions:

- **Prevention and early help** – a clear strategy, targeted interventions and a re-purposed ‘front door’ which put people and their family carers at the heart.

- **Integrated Health and Social Care Offer** – integrated health and social care offer in each locality to help people retain independence
- **Living Well social work** – being led by people who direct their own choices, addressing holding lists, reviews and practice quality
- **A stable, modern care market** where 85% of providers are good or outstanding
- A step change in **housing choices** for older people and disabled people and through our building programme
- **Transformation of the Norse Care estate** to match market needs and ensure it remains a leader in the sector
- Driving the ‘**Eight technologies that will change the face of health and social care**’
- **Workforce Development** – Developing skills and capacity in social care and the care market

8.8. Each of these ambitions is crucial in delivering Adult Social Care not just in a sustainable way, or a way that offers value for money, but one that is progressive and puts prevention at the heart of the offer.

8.9. Whilst much of the last 18 months have been managing the pandemic, we do hope to enter a recovery phase whereby we begin to accelerate our transformation. We have recently secured a delivery partner to help us with this journey. As the National policy picture is overlayed with detailed guidance, we believe we are in a strong position to deliver the national change whilst not limiting our ability to listen locally.

## Service financial strategy and savings proposals 2022-23

### Financial Strategy

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

8.11. We know our Promoting Independence approach has helped, and will continue to help, the service to deliver the significant financial savings needed to continue to meet the increasing demands for social care across Norfolk.

Within the overall strategy, our specific financial strategy for achieving savings and financial sustainability is focussed on:

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

8.12. 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.

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

8.14. In recognising the requirement to undertake focussed transformation, whilst also maintaining a level of stability, the Adult Social Care section of the MTFS provides net investment to the sector. It recognises core financial pressures and risks, such as the Care Market or increasing demography and complexity of need. At the same time it allows us to deliver the early financial benefits associated with the second phase of our transformation.

## **Savings Proposals**

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

- Continue to build and realise the financial benefits of 2800 new units of Independent Living (Extra Care) housing, moving into the 3<sup>rd</sup> year of our 10 year, £29m capital programme
- Continue to drive forward our new sister housing programme for younger adults that will offer homes to people to prevent them living in residential care before they truly need it.
- Continue to work with our Norse Care provider of Residential and Housing with Care to transform the services we commission and they provide
- Continue to work more proactively with people by focusing on early help and prevention, and seek to have a stronger connection to local communities that enhances how we support people when they first contact us. As per the 12<sup>th</sup> January 2022 Cabinet report, we will work with a Strategic Change Partner, Newton Europe, to drive forward the transformation of our prevention and early help offer.
- Continue to work closely with people with Mental Health and Learning Disabilities to reshape our services, and review their care needs, in order to enable them to lead the lives they want to live and live-in places they can call home.
- Work with the NHS to provide shared, and equitably funded, services when it's appropriate to do so.
- Increasing the scale to which we provide Direct Payments, where it's an appropriate choice in meeting needs and is cost effective to do so.

- Use the talent and skills of our therapists to review existing, or potential, care packages, that require the attendance of two care workers, to see if opportunities exist to support the care provider and enable the care package to be delivered with only one carer.

## Key issues and risks

- 8.16. Whilst considered a robust budget, the Adult Social Care service does have some underlying risks and issues that need to be considered within the context of the budget. The following are not considered to be an exhaustive list of these risks.

## Recovery Readiness

- 8.17. The pandemic has had a material impact to ASC, both the people who access services and those that provide these services. Much of the capacity in the department has had to be prioritised to maintaining service capacity and ensuring people are kept safe. This has meant that we are seeing a creation of backlogs typified by holding lists, interim care lists and overdue reviews.
- 8.18. For the ASC element of the MTFS to be delivered we will need to be able to transition to a recovery phase that begins to move us beyond managing crisis, to one that allows us to manage the afore mentioned backlog and relaunch our Promoting Independence strategy that will deliver change. The timing and capability to make this shift is in some part dependent on the external factor related to the enduring impact of the pandemic.

## Market Stability

- 8.19. Each year the Council spends over £330m in buying thousands of care packages from our local care market. Section 5 of the Care Act (2014): "Promoting diversity and quality in provision of service" outlines a Local Authorities duties in regards to local care markets. In particular, *"A local authority must promote the efficient and effective operation of a market in services for meeting care and support needs with a view to ensuring that any person in its area wishing to access services in the market"*. In achieving this a Local Authority must effectively shape local care markets and commission care that:
- Focuses on outcomes and wellbeing
  - Promotes a quality services
  - Is sustainable and offers value for money services
  - Offers choice through a wider array of diverse providers
  - Has been co-produced with the people who wish to access these services
- 8.20. It is therefore vital that these markets to which we shape are sustainable and prosperous. The ASC Fee uplift paper also on this agenda describes a market picture of relatively poor quality (as assessed by the Care Quality

Commission and compared to other Local Authority regions) and a degree of risk of instability. Whilst our MTFS provides for a significant investment in these markets for 22/23, there is a risk that it is not sufficient to enable providers to attract high quality labour in sufficient quantities.

## **Hospital Discharge**

- 8.21. As part of the Health and Care response to the pandemic, hospital discharge, and in particular discharge to assess, has become a central feature of the national recruitment to ensure acute capacity is sufficient to manage both those most unwell from Covid-19 but also a recovery of delayed elective procedures.
- 8.22. During the last two financial years, this has meant that social care demand driven from acute hospitals has risen dramatically. This has created more demand for our care market to support but also, we are told by our providers, people who are more unwell and therefore more complex to support. Furthermore, the government offer has been to offer people “up to 4 weeks” of non-chargeable care to facilitate timely discharge.
- 8.23. Financially Government has provided funding to Health and Care systems in the form of ringfenced grants that have been managed by local Clinical Commissioning Groups. The Council has in the current year attracted £13m of funding to compensate for the additional costs of this programme. As it currently stands, the ringfenced grant is to cease and local systems will need to resolve the funding of this programme within the wider funding available to Health. At present we continue to have local discussions about the future sustainability of this programme but don't have the confidence that would be associated with a distinct and known grant.

## **Workforce**

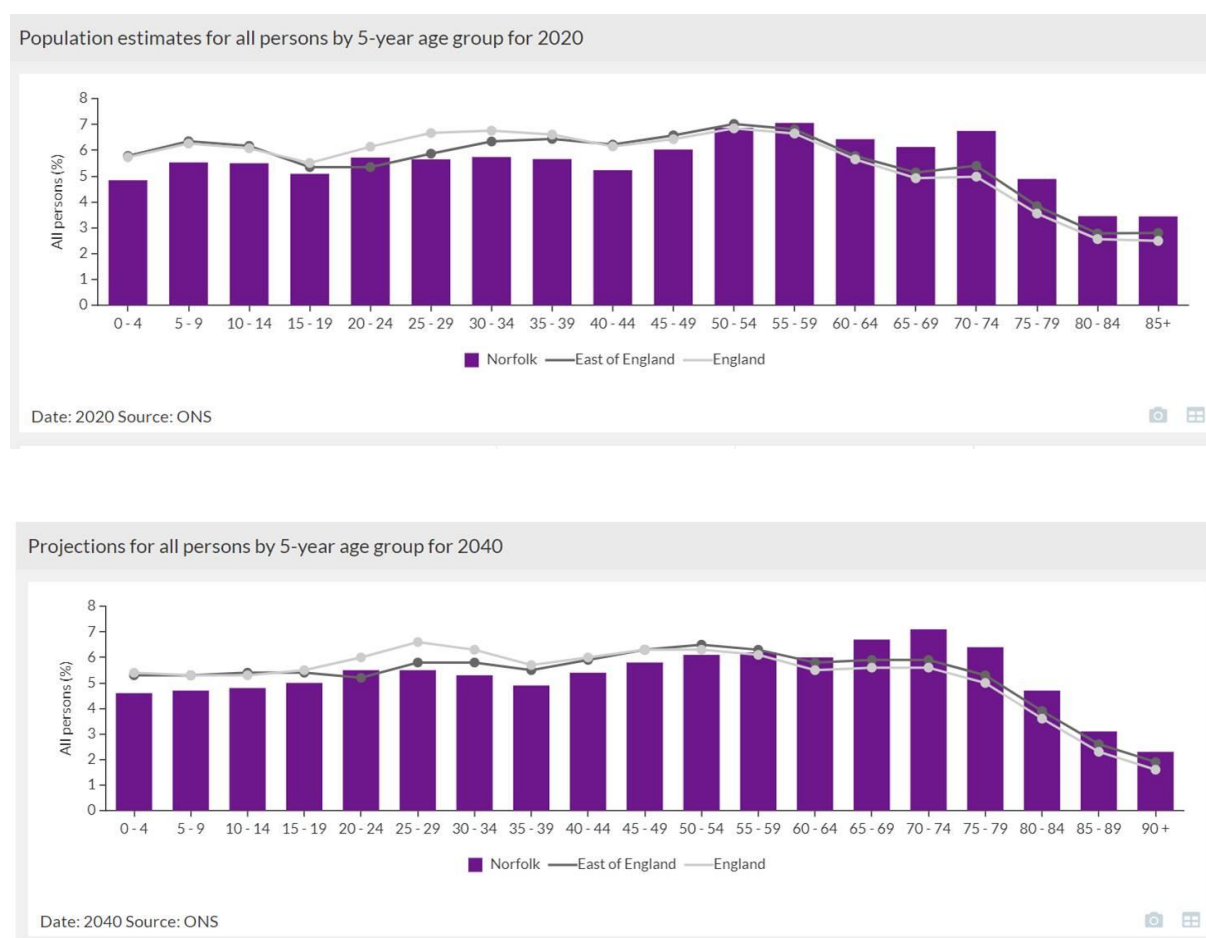
- 8.24. Workforce shortages in the delivery of care are now becoming more widely understood nationally. The ability to deliver Adult Social Care will be contingent on solving these shortages and is in part a large part of the risk referred to under market stability. The lesser talked about risk is the emerging shortage of qualified social care practitioner (qualified Social Workers).
- 8.25. In Norfolk we have seen both high levels of vacancies related to Social Workers and indeed a high level of turnover. Whilst we are doing a lot of work to both attract workers to Norfolk, retain our existing staff and “grow our own” new practitioners, it is still a very challenging staff position.
- 8.26. Simply put without sufficient high quality, experienced, professionally qualified staff our MTFS will not work over the longer term.

## Demand

8.27. Each year in the MTFS includes funding towards an underlying growth in our demand, either characterised by increased volume or an increasing complexity of the support required.

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

**Chart 4: Population estimates by age, 2020 and 2040**



**Table 26: Population aged 65 and over, projected to 2024**

| Population aged 65 and over, projected to 2024 | 2020   | 2021   | 2022   | 2023   | 2024   |
|--|--------|--------|--------|--------|--------|
| Norfolk: People aged 65-69                     | 56,300 | 56,600 | 57,400 | 58,300 | 59,500 |
| Norfolk: People aged 70-74                     | 62,000 | 61,800 | 58,100 | 56,300 | 55,700 |
| Norfolk: People aged 75-79                     | 44,600 | 47,300 | 52,600 | 55,100 | 55,900 |
| Norfolk: People aged 80-84                     | 31,700 | 31,700 | 32,300 | 33,500 | 35,400 |

## Appendix 1: Norfolk County Council Revenue Budget 2022-23

|  |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|
| Norfolk: People aged 85-89                   | 19,800         | 20,200         | 20,700         | 21,400         | 21,900         |
| Norfolk: People aged 90 and over             | 11,700         | 11,900         | 12,200         | 12,300         | 12,500         |
| <b>Norfolk: Total population 65 and over</b> | <b>226,100</b> | <b>229,500</b> | <b>233,300</b> | <b>236,900</b> | <b>240,900</b> |

[www.poppi.org.uk](http://www.poppi.org.uk) version 14.0 (Institute of Public Care)

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

8.30. There is a risk that the impact of the pandemic will have created latent demand that will materialise over the life of the MTFS and render the funding insufficient to meeting this need.

### Reform

8.31. As referred to in this paper, over the period of the MTFS a significant level of policy reform for ASC will need to be delivered. Whilst a level of information on these changes is beginning to be released, it is not complete and final. Changes associated with charging for social care (capped personal care contributions and changes to the means test thresholds) and the drive towards a “fair price for care” will likely have significant financial implications for all Local Authorities.

8.32. National level sums of funding associated with a breakdown of the £5.4bn have begun to be surfaced around implementing these changes but for most they are not down to a local level. When combining the shortage of implementation detail and absence of local funding allocations, it is difficult to presently conclude that there will or will not be sufficient funding to deliver and sustain the policy changes.

### Adult Social Services proposed budget 2022-23

**Table 27: Detailed budget change forecast Adult Social Services 2022-26**

| Ref |  | Final Budget change forecast 2022-26 |         |         |         |
|-----|--|--------------------------------------|---------|---------|---------|
|     |  | 2022-23                              | 2023-24 | 2024-25 | 2025-26 |
|     |  | £m                                   | £m      | £m      | £m      |
|     | OPENING BUDGET   | 252.550                              | 263.184 | 287.756 | 302.998 |
|     |  |                                      |         |         |         |
|     | ADDITIONAL COSTS   |                                      |         |         |         |
|     | Economic / Inflationary  |                                      |         |         |         |
|     | Basic Inflation - Pay (3% for 22-23 to 25-26 (22-23 held centrally)) | 0.015                                | 1.886   | 1.897   | 1.897   |

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# Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Ref    |  | Final Budget change forecast 2022-26 |               |               |               |
|--------|--|--------------------------------------|---------------|---------------|---------------|
|        |  | 2022-23                              | 2023-24       | 2024-25       | 2025-26       |
|        |  | £m                                   | £m            | £m            | £m            |
|        | Basic Inflation - Prices   | 6.491                                | 6.433         | 6.535         | 6.535         |
|        | Pay Award 2021-22 (£250 A-F Reversal)  | -0.148                               | 0.000         | 0.000         | 0.000         |
|        | Pay Award 2021-22 (1.75%/2.75% A)  | 1.099                                | 0.000         | 0.000         | 0.000         |
|        | NI 2022-23 1.25% Increase  | 0.643                                | 0.000         | 0.000         | 0.000         |
|        | <b>Legislative Requirements</b>  |                                      |               |               |               |
|        | Pay and Price Market Pressures   | 8.995                                | 6.728         | 7.010         | 0.000         |
|        | New Social Care reform pressures funding - cost of care  | 2.821                                | 7.626         | 0.000         | 0.000         |
|        | <b>Demand / Demographic</b>  |                                      |               |               |               |
|        | Demographic growth   | 6.100                                | 6.100         | 6.100         | 6.100         |
|        | Leap year pressure in Adult Social Care  | 0.000                                | 0.600         | -0.600        | 0.000         |
|        | Autism Care and Assessment capacity  | 0.300                                | 0.000         | 0.000         | 0.000         |
|        | <b>NCC Policy</b>  |                                      |               |               |               |
|        | Recurrent pressures arising from 2020-21 service delivery  | -3.674                               | 0.000         | 0.000         | 0.000         |
|        | Emerging cost pressures for social care demography and market pressures in 2023-24   | 0.000                                | 7.000         | 0.000         | 0.000         |
|        | Recurrent pressures arising from 2021-22 ASC service delivery  | 8.000                                | 0.000         | 0.000         | 0.000         |
|        | One off use of Adults reserves to address recurrent 2020-21 pressures  | 3.674                                | 0.000         | 0.000         | 0.000         |
|        | iBCF - 2022-23 Other spend adjustment  | 1.163                                | 0.000         | 0.000         | 0.000         |
|        | iBCF - 2021-24 Other spend adjustment  | -1.814                               | 0.000         | 0.000         | 0.000         |
|        | iBCF - 2021-24 Reserve usage adjustment  | 1.814                                | 0.000         | 0.000         | 0.000         |
|        |  | <b>35.478</b>                        | <b>36.373</b> | <b>20.943</b> | <b>14.533</b> |
|        | <b>SAVINGS</b>   |                                      |               |               |               |
| 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.   | 2.000                                | 2.000         | 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. | -0.200                               | 0.000         | 0.000         | 0.000         |
| ASS019 | Reducing the amount we have set aside to cover potential bad debts. (One-off benefit).   | 1.000                                | 0.000         | 0.000         | 0.000         |
| ASS020 | Releasing amounts previously carried forward in one-off reserves. (One-off benefit).   | 0.475                                | 0.000         | 0.000         | 0.000         |
| ASS024 | Contract renegotiation - Ensuring the requirements of commissioners are reflected in the Norsecare contract.   | -1.000                               | 0.000         | 0.000         | 0.000         |
| ASS026 | BC3 - Use of Business Risk Reserve (one-off)   | 2.000                                | 0.000         | 0.000         | 0.000         |

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## Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Ref    |  | Final Budget change forecast 2022-26 |         |         |         |
|--------|--|--------------------------------------|---------|---------|---------|
|        |  | 2022-23                              | 2023-24 | 2024-25 | 2025-26 |
|        |  | £m                                   | £m      | £m      | £m      |
| ASS027 | Recognising additional benefits from our existing savings programme. Linked to our existing saving ASC044: Extra care housing programme - delivering savings by building 2,800 units of extra care housing for older adults.   | -0.090                               | -0.475  | -1.100  | 0.000   |
| ASS028 | Delivering a saving through an accelerated Supported Housing Programme. Providing 183 units of supported housing for younger adults over a three year period, which is expected to increase independence and help in fewer people needing to be supported early in residential care.   | -0.900                               | -0.700  | 0.000   | 0.000   |
| ASS029 | Recognising additional benefits from our existing savings programme. Linked to existing saving ASC024: Contract renegotiation, ensuring the requirements of commissioners are reflected in the Norsecare contract. Future years of existing programme to transform the Norse Care Older People Residential and Housing with Care estate.   | -1.000                               | 0.000   | 0.000   | 0.000   |
| ASS030 | Recognising additional benefits from our existing savings programme. Linked to our existing saving ASC018: Working with our partners to reshape our approach to supporting people on their initial contact with Adult Social Care (the "Front Door"). We will review our process and how we support people early on in the social care pathway and help their care needs before they escalate. | -2.000                               | -4.500  | -4.000  | 0.000   |
| ASS031 | Improving market utilisation and delivering efficiencies. Strengthening our contract and performance management by getting better value for money in services we purchase by targeting the funding we have available to us.  | -2.000                               | -1.500  | -0.500  | 0.000   |
| ASS032 | Learning Disabilities transformation. Continued implementation of Norfolk's Learning Disability strategy. This sees the continued development of more choices and alternatives to residential care and access to community based activities.   | -2.500                               | -1.500  | 0.000   | 0.000   |
| ASS033 | Mental Health Care Model Review. Seeking to improve the independence of those people supported with Mental Health conditions by reviewing their care packages and exploring the potential for alternative housing tenure. This will be done in partnership with health to ensure the balance of care between health and social care is appropriate.  | -0.250                               | 0.000   | 0.000   | 0.000   |
| ASS034 | Expansion of Self Directed Support. Delivering a saving by utilising more Direct Payments rather than commissioned services, particularly when Direct Payments offer individuals more choice and are cost effective.   | -0.300                               | -0.100  | -0.100  | 0.000   |
| ASS035 | Use of ASC reserves. One-off release of reserves to offset budget pressures.   | -3.000                               | 3.000   | 0.000   | 0.000   |
| ASS036 | Bad debt reduction. Increased recovery of debt leading to less bad debt write-off.   | -0.300                               | 0.000   | 0.000   | 0.000   |

# Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Ref    |   | Final Budget change forecast 2022-26 |                |                |                |
|--------|---|--------------------------------------|----------------|----------------|----------------|
|        |   | 2022-23<br>£m                        | 2023-24<br>£m  | 2024-25<br>£m  | 2025-26<br>£m  |
| ASS037 | Recruitment and Retention Strategy. Delivering a saving by having a targeted approach to recruitment and retention.   | -0.100                               | 0.000          | 0.000          | 0.000          |
| ASS038 | Double up care reviews. Using therapists to lead reviews on care packages requiring two carers to attend, in order to consider alternatives to having two carers on site. | -0.200                               | -0.200         | 0.000          | 0.000          |
| ASS039 | A strategic refocus of NCC's investment in Intermediate Care Services   | -2.100                               | -0.200         | 0.000          | 0.000          |
|        |   | <b>-10.465</b>                       | <b>-4.175</b>  | <b>-5.700</b>  | <b>0.000</b>   |
|        | <b>BASE ADJUSTMENTS</b>   |                                      |                |                |                |
|        | Additional Social Care Grant (share of £1.5bn pa SR21 announcement)   | -11.152                              | 0.000          | 0.000          | 0.000          |
|        | New Social Care Reform grant  | -2.821                               | -7.626         | 0.000          | 0.000          |
|        | iBCF inflationary uplift 2022-23  | -1.163                               | 0.000          | 0.000          | 0.000          |
|        |   | <b>-15.136</b>                       | <b>-7.626</b>  | <b>0.000</b>   | <b>0.000</b>   |
|        | <b>COST NEUTRAL ADJUSTMENTS</b>   |                                      |                |                |                |
|        | Depreciation transfer   | 0.756                                | 0.000          | 0.000          | 0.000          |
|        | REFCUS  | 0.001                                | 0.000          | 0.000          | 0.000          |
|        |   | <b>0.757</b>                         | <b>0.000</b>   | <b>0.000</b>   | <b>0.000</b>   |
|        |   |                                      |                |                |                |
|        | <b>NET BUDGET</b>   | <b>263.184</b>                       | <b>287.756</b> | <b>302.998</b> | <b>317.531</b> |

## 9. 2022-23 Budget proposals – Children’s Services

### Financial Strategy

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

- Inclusion;
- Prevention and Early Intervention;
- Quality of Practice;
- Edge of Care and Alternatives to Care; and
- Re-shaping the care and specialist support market.

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

9.3. Key financial drivers experienced by the service are:

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

9.4. We know that the pandemic has had a significant impact on children, families as well as our services and those of our partners. Norfolk has seen a persistent increase in demand for Family Support resulting from the impact of the pandemic, which has placed those teams under significant pressure. More

recently, we have also seen a small increase in the number of children looked after and increase in the cost of care for children over recent months, with the longer-term impact of the pandemic beginning to be seen. The situation remains highly uncertain and, whilst attempts have been made to financially plan for these circumstances, the situation is fluid and is likely to continue to be so into 2022-23.

- 9.5. Additionally, a range of other, less obvious, impacts on demand have been identified, including hidden need, trauma, and economic factors. Sadly we are now seeing nationally harm which occurred behind closed doors coming to light with several tragic cases across the Country and overall increases in need in many areas of the children's system. 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.
- 9.6. As a result of the pandemic, the expectations upon the Council with respect to its leadership role within the whole education sector in Norfolk has significantly changed. This has led to staff being redeployed to support the significantly increased workload, with major disruption to the normal work of some staff. It is still not clear what the Government's expectations are of local authorities with respect to support and leadership to the education sector in the medium-to-long-term, and so a 'watching brief' will be kept.
- 9.7. The core strategy and transformation approach is an ongoing programme of work for the service with work ongoing to enable the identification of further new initiatives that could deliver substantial transformation. The service has continued to drive this work forward, including increasing strategic partnership working that is generating and driving system change in Norfolk that, as the County Council alone, could not be delivered.
- 9.8. The services' core financial strategy for achieving savings is on an invest to save basis that aligns with this strategic approach, enabling the service to respond to the changing needs within communities and the current and future financial challenges by developing innovative new approaches, in particular:
- Prevention, early intervention and effective social care – investing in an enhanced operating model which supports families to stay together and ensures fewer children need to come into care;
  - Alternatives to care – investing in a range of new services which offer alternatives to care using enhanced therapeutic and care alternatives, combined with a focus on support networks from extended families keeping families safely together where possible and averting family crises; and
  - Transforming the care market and creating the capacity that we need – creating and commissioning new care models for children in care – achieving better outcomes and lower costs.

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

9.10. Whilst improving outcomes for children and families, this approach has helped the service to limit the pressures being faced by the Council as a result of increasing levels and complexity of need through the delivery of financial savings aligned with the service's strategy, with c.£18m of recurrent budget savings expected to be delivered since 2018-19 by the end of 2021-22, with the projected benefit having already exceeded the investment. Successes include:

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

## **Specific Funding**

9.11. Supporting Families funding – 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.

9.12. 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 December 2020, it was announced that the Adoption Fund would continue for another year, but no further funding announcement has been provided in relation to the 2022-23 financial year, leaving a risk that either funding is not received or actual funding received is insufficient to meet existing commitments.

9.13. Late on in the budget planning process, the DfE launched a short consultation on changes to the way that School Improvement Monitoring and Brokering Grant that proposed a phased removal of the grant over the course of 2022-23, following which all council school improvement activity, including core improvement activities, would be funded via de-delegation, with any non-statutory services that councils choose to continue to offer either provided on a traded basis or also funded through de-delegation. Despite concerns raised by Councils and the maintained sector, it has been announced that the proposed withdrawal will be implemented with 50% reduction in 2022-23 and full removal for 2023-24. Due to the timing of the consultation, it has not been possible to fully work through the implications of this decision given the important nature of the services currently offered to schools and the implication that withdrawing services may have upon the children of Norfolk. Equally there has not been sufficient time to fully consider the alternative options available and how to mitigate the implications to enable the Council to be able to request de-delegation for 2022-23, particularly given that some services, along with existing LA funds, are available to all schools regardless as to whether they are maintained or academies.

### **Ongoing COVID-19 Impact and Context**

9.14. The pandemic continues to have a significant impact on Children's Services both in terms of demand for services as well as the impact upon staffing availability of both NCC staff and those of commissioned services or partner organisations, such as health services. Front-line staff are continuing to work with children, young people and families face-to-face wherever appropriate.

9.15. During the 2021-22 financial year, the department has seen both increased demand for services, particularly with an increasing complexity of need that may well be, at least partially due, to the medium-term impacts of successive lockdowns upon families, children and young people. The

persistent increase in demand for Family Support services seen during the first year of the pandemic has continued and in particular we are seeing significant rises in the number of young people whose emotional wellbeing has been impacted negatively.

- 9.16. During the 2020-21 financial year the trend of declining numbers of children looked after continued, but this trend was initially reversed at the start of the 2021-22 financial year when there was an increase in the number of children looked after, particularly adolescents, and this has been combined with shortage of provision within the market. Market forces have resulted in significant increases in unit costs, with private providers able to increase charges due to the competition for placements between local authorities. During the latter part of the current financial year, there are early signs of possible reductions to the number of children looked after, though the average unit costs remain high as there is no sign of improvement in supply in the market.
- 9.17. Other local authorities have seen significant increases in the numbers of children looked after throughout the pandemic, and the challenges of supply within the market are a national issue. Children's Services works as part of a wider system with many partners, including health services and education providers / schools. Like Children's Services, many of these partners have seen increasing pressures from the pandemic continue, and these added to a system that was already under stress. There is an ongoing risk that those stresses and pressures from partners will have a knock-on impact to the service due to needs appearing elsewhere in the system with alternative presentations, for example the lack of availability of specialist mental health provision for parents or adolescents can lead to family breakdown and demand for social care.
- 9.18. Despite the ongoing impact of the pandemic, the department's Transformation Programme has continued. Whilst not facing the level of disruption and delay seen in the first six months of 2020-21, the programme continues to negotiate the day-to-day impact to the department to ensure that transformative activities continue and savings committed to in the Medium Term Financial Strategy for the department can be delivered. Recent external research looking at the national picture of Children's Services suggests that Norfolk has been 'bucking' the trend as a result of the work of the programme.
- 9.19. In a best-case scenario, the number of children in care will fall in line with the recent data, but it is likely that the average costs will remain high for a period of time until the market resets itself or there is alternative intervention, such as from the Government. Many other authorities are projecting significant rises over an extended period. The work of the transformation programme in relation to supply of placements will support local reshaping of the market that will, hopefully, enable Norfolk to mitigate the worst of the impact of the market forces.

9.20. As the initial year of the pandemic progressed, Children's Services 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 of the impacts of these experiences are being seen in the demand for statutory social care services and Family Support services referred to above. Additionally, some key external markets continue to be under major strain, for example transport (resulting in increased costs), early years, the voluntary sector as well as care. The longer-term impact of lengthy absences from school-based educational provision and the missed socialisation for all age ranges of children are still to be seen and may result in additional demand for many years to come.

9.21. Wherever possible, opportunities that have arisen as a result of the pandemic have continued to be sought out and pursued by the department's leadership to ensure that these are built upon to develop improved services and improved working relationships for the future. Key areas are strengthened relationships with the school system, increased family resilience and family networking for many, increased responsiveness to meet families' needs at times better for them through increased flexible working arrangements, and virtual working unlocking creative practice.

### **Saving proposals 2022-23**

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

#### **Prevention, early intervention and effective social care:**

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

placements and support; and, further reduction in legal costs reflecting the reduced activity due to earlier intervention and more effective practice.

**Alternatives to care:**

- Investing in a range of new services which offer alternatives to care using enhanced therapeutic and care alternatives, combined with a focus on support networks from extended families keeping families safely together where possible and averting family crises.
- Through the transformation programme to date, the Council has already invested in Stronger Families (social impact bond), which has delivered significant financial benefits, and New Roads, whose projected financial benefits are already built in to the MTFS.
- For 2022-23, the additional savings reflect the expansion of the Norfolk Assisted Boarding Programme offer, which is a scheme that Norfolk led the way with nationally, that has been evaluated both to provide significant benefits to the educational outcomes of each young person as well as keeping families together and significantly reducing costs for NCC

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

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

**Inclusion:**

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

people to remain in the mainstream sector where it is appropriate for them to do so.

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

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

#### **Smarter Working**

- Rationalisation and relocation of office accommodation: The office accommodation needs of the department are being reviewed in light of smarter working (accelerated by the COVID-19 pandemic and enabled through use of IT) with the view to rationalising accommodation whilst still meeting ongoing service needs.
- We are developing a Building Assets Strategy to deliver savings from reduced spend on leases and associated revenue costs; this proposal is focussed on a review of current Children's Services occupied buildings, to reduce usage or release space that is no longer required. Test and learn pilots will inform future requirements, along with engaging with partners to establish their future plans and explore co-location opportunities
- We have also continued modernisation through a shift to different ways of working: ongoing departmental review of posts to ensure no duplication of activity, reducing the quantity of archive storage required, and reducing mobile phone requirements through the Bring Your Own Device project (this is an extension to the original proposal in the October 2021 Cabinet paper based upon updated information regarding opportunities for efficiencies that were available).

9.24. In addition to increasing the Smarter Working savings target in response to the request for additional savings, our 2022-23 budget proposals include:

- Resizing of the Community Fund associated with the Early Childhood and Family Service to reflect a more accurate understanding of the level of demand (the criteria for accessing the funding will not be amended);
- A further review of Special Guardianship Order spend through ensuring policy and practice is in line with best practice and national guidance.

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

## Risks

9.26. Whilst we are seeing some medium-term financial impacts of the pandemic and the budget looks to mitigate these where possible, it remains unclear precisely what the 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 continue to 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.

9.27. The level of pressures included in the Children's Services budget for future years attempts to reflect the high-level expectations regarding the medium-to-longer-term demand. However, the last 18 months has shown that it is difficult to predict these with certainty and, therefore, risks within Children's Services remain that 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.

9.28. Some specific risks that should be noted are:

- **Pandemic economic and societal impact leading changes in market forces**

Increasing cost pressures have been seen throughout the external markets that Children's Services deals within including transport providers and social care placement provision. Some providers have contracted, such as reduced numbers of taxi drivers, or exited the market, such as coach company closures, during the pandemic for various economic and societal reasons, such as seeking more secure income streams, or a different lifestyle being sought. These impacts have resulted in demand exceeding supply, leading to unexpected cost increases, and there is a risk that such patterns continue or other, unexpected, trends emerge in the medium-to-longer-term;

- **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 continued to be welcomed by schools locally, but there is not sustainable medium-to-long-term resources currently available. 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 continue to impact upon our ability to trade successfully in some areas, where the net income contributes to supporting our core Learning and Inclusion infrastructure.

## Children's Services proposed budget 2022-23

Table 28: Detailed budget change forecast Children's Services 2022-26

| Ref |  | Final Budget change forecast 2022-26 |                |                |                |
|-----|--|--------------------------------------|----------------|----------------|----------------|
|     |  | 2022-23                              | 2023-24        | 2024-25        | 2025-26        |
|     |  | £m                                   | £m             | £m             | £m             |
|     | <b>OPENING BUDGET</b>  | <b>178.886</b>                       | <b>189.065</b> | <b>199.608</b> | <b>211.136</b> |
|     |  |                                      |                |                |                |
|     | <b>ADDITIONAL COSTS</b>  |                                      |                |                |                |
|     | <b>Economic / Inflationary</b>                                       |                                      |                |                |                |
|     | Basic Inflation - Pay (3% for 22-23 to 25-26 (22-23 held centrally)) | 0.008                                | 2.837          | 2.909          | 2.909          |
|     | Basic Inflation - Prices   | 2.162                                | 2.116          | 2.159          | 2.159          |
|     | Pay Award 2021-22 (£250 A-F Reversal)                                | -0.130                               | 0.000          | 0.000          | 0.000          |
|     | Pay Award 2021-22 (1.75%/2.75% A)                                    | 1.646                                | 0.000          | 0.000          | 0.000          |
|     | NI 2022-23 1.25% Increase  | 0.993                                | 0.000          | 0.000          | 0.000          |
|     | <b>Legislative Requirements</b>                                      |                                      |                |                |                |
|     | SEND Assessments (Educational Psychology service)                    | 0.600                                | 0.000          | 0.000          | 0.000          |
|     | <b>NCC Policy</b>  |                                      |                |                |                |
|     | Recruitment and retention investment offset by Agency reduction      | 0.000                                | -0.610         | -0.540         | -0.100         |
|     | New operating model investment                                       | -0.760                               | -0.350         | 0.000          | 0.000          |
|     | <b>Demand / Demographic</b>  |                                      |                |                |                |
|     | Social care: demographic and demand growth                           | 10.900                               | 4.000          | 3.000          | 3.000          |
|     | Social care: additional growth due to medium term impact COVID-19    | 3.000                                | 4.000          | 4.000          | 0.000          |

# Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Ref    |   | Final Budget change forecast 2022-26 |               |               |               |
|--------|---|--------------------------------------|---------------|---------------|---------------|
|        |   | 2022-23<br>£m                        | 2023-24<br>£m | 2024-25<br>£m | 2025-26<br>£m |
|        | Home to School Transport: demographic growth  | 4.825                                | 3.500         | 2.500         | 0.500         |
|        |   | <b>23.244</b>                        | <b>15.493</b> | <b>14.028</b> | <b>8.468</b>  |
|        | <b>SAVINGS</b>  |                                      |               |               |               |
| CHS001 | Prevention, early intervention and effective social care – Investing in an enhanced operating model which supports families to stay together and ensures fewer children need to come into care.   | -1.000                               | 0.000         | 0.000         | 0.000         |
| CHS002 | Alternatives to care – Investing in a range of new services which offer alternatives to care using enhanced therapeutic and care alternatives, combined with a focus on support networks from extended families keeping families safely together where possible and averting family crises.   | 0.100                                | 0.000         | 0.000         | 0.000         |
| CHS003 | Transforming the care market and creating the capacity that we need – Creating and commissioning new care models for children in care – achieving better outcomes and lower costs.  | -3.500                               | 0.000         | 0.000         | 0.000         |
| CHS002 | Expansion of 2019-20 CHS002: Alternatives to care (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 extended families keeping families safely together where possible and averting family crises.  | -4.400                               | -3.500        | -2.500        | 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.   | -0.100                               | 0.000         | 0.000         | 0.000         |
| CHS010 | BC3 - 2021-22 NWD transformation contribution capitalisation  | 1.000                                | 0.000         | 0.000         | 0.000         |
| CHS011 | 2021-22 transformation capitalisation   | 1.000                                | 0.000         | 0.000         | 0.000         |
| CHS001 | Extending our existing savings programme to deliver additional benefits. Proposal is to expand our 2019-20 saving CHS001: Prevention, early intervention and effective social care – Investing in an enhanced operating model which supports families to stay together and ensures fewer children need to come into care.   | -1.775                               | -0.900        | 0.000         | 0.000         |
| CHS002 | Extending our existing savings programme to deliver additional benefits. Proposal is to expand our 2019-20 saving CHS002: Alternatives to care – Investing in a range of new services which offer alternatives to care using enhanced therapeutic interventions, combined with a focus on support networks from extended families keeping families safely together where possible and averting family crises. | -0.500                               | -0.250        | 0.000         | 0.000         |
| CHS003 | Extending our existing savings programme to deliver additional benefits. Proposal is to expand our 2019-20 saving CHS003: Transforming the care market and creating the capacity that we need – Creating and commissioning new care models for  | -0.775                               | -0.250        | 0.000         | 0.000         |

# Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Ref    |  | Final Budget change forecast 2022-26 |                |                |                |
|--------|--|--------------------------------------|----------------|----------------|----------------|
|        |  | 2022-23<br>£m                        | 2023-24<br>£m  | 2024-25<br>£m  | 2025-26<br>£m  |
|        | children in care – achieving better outcomes and lower costs.  |                                      |                |                |                |
| CHS007 | Extending our existing savings programme to deliver additional benefits. Proposal is to expand our 2021-22 saving CHS007: Inclusion (Home to School Transport) by finding school places closer to home for children and young people with Special Educational Needs and Alternative Provision requirements. We will reduce transport costs associated with long journeys and ensure that children are supported towards more independent travel where appropriate.   | -1.200                               | 0.000          | 0.000          | 0.000          |
| CHS008 | Extending our existing savings programme to deliver additional benefits. Proposal is to expand our 2021-22 saving CHS008: Smarter Working – continued modernisation through a shift to different ways of working (accelerated by COVID-19 and enabled through use of IT) to deliver savings from reduced spend on leases and associated revenue costs, ongoing departmental review of posts to ensure no duplication of activity, reducing the quantity of archive storage required, and reducing mobile phone requirements through the Bring Your Own Device project. | -0.388                               | 0.000          | 0.000          | 0.000          |
| CHS012 | Further review of Special Guardianship Order spend through ensuring policy and practice is in line with best practice and national guidance  | -0.450                               | 0.000          | 0.000          | 0.000          |
| CHS013 | Reduce the Early Childhood and Family Service Community Fund budget to match the level of demand - During pandemic there has been significant development of grassroots community offer. Change is related to more accurate understanding of budget as we come out of pandemic   | -0.100                               | 0.000          | 0.000          | 0.000          |
|        |  | <b>-12.088</b>                       | <b>-4.900</b>  | <b>-2.500</b>  | <b>0.000</b>   |
|        | <b>BASE ADJUSTMENTS</b>  |                                      |                |                |                |
|        |  | <b>0.000</b>                         | <b>0.000</b>   | <b>0.000</b>   | <b>0.000</b>   |
|        | <b>COST NEUTRAL ADJUSTMENTS</b>  |                                      |                |                |                |
|        | Depreciation transfer  | 0.098                                | 0.000          | 0.000          | 0.000          |
|        | Debt management transfer   | -0.004                               | 0.000          | 0.000          | 0.000          |
|        | FG to CS Extended Rights to Free Travel grant  | -1.071                               | -0.050         | 0.000          | 0.000          |
|        |  | <b>-0.977</b>                        | <b>-0.050</b>  | <b>0.000</b>   | <b>0.000</b>   |
|        |  |                                      |                |                |                |
|        | <b>NET BUDGET</b>  | <b>189.065</b>                       | <b>199.608</b> | <b>211.136</b> | <b>219.603</b> |

## 10. 2022-23 Budget proposals – Community and Environmental Services

### Financial Strategy

- 10.1. Community and Environmental Services (CES) has responsibility for the delivery of a wide range of services; there is no hierarchy as each area has a vital role to play in achieving better outcomes for Norfolk and we have a key role to play in supporting the delivery of the Better Together, for Norfolk strategy.
- 10.2. Our services are delivered across the county in the heart of local communities. The common factor is that CES services impact on residents, visitors and businesses in Norfolk every day. They are also crucial to the successful recovery from the impacts of Covid-19.
- 10.3. We play a key role in keeping Norfolk communities safe, healthy and independent; including responding to emergencies, developing skills, tackling social isolation and providing the advice and support people need to stay safe and healthy. There is also a focus on Norfolk as a place, including looking after our unique heritage and environment as well as ensuring that key infrastructure improvements can be delivered.
- 10.4. We are investing in some key service areas to ensure critical activities to support local communities and businesses can continue to be delivered and developed further:
- Supporting economic bounce-back and growth, including delivery of the Norfolk and Suffolk Renewal Plan and development of the Norfolk Investment Framework.
  - Supporting community recovery and development of social infrastructure, including through the Social Infrastructure Fund and Community Renewal Fund.
  - Providing the digital and physical infrastructure individuals and businesses in Norfolk need to thrive, including enabling the best possible Broadband infrastructure we can secure for Norfolk.
  - Work to reduce our impact on the environment and deliver the action plan supporting the Council's Environmental Policy, including the new Electric Vehicle Strategy.
  - Investing in services to help keep Norfolk Communities safe and healthy
  - Working with partners and stakeholders to further develop the visitor economy.
- 10.5. A key part of our strategy for some time has been to reduce our reliance on revenue funding which continuing to make significant investment in key improvements and activities for Norfolk. We have achieved this through successfully securing funding from alternative sources, including grants, competitively bidding for funding and generating income; less than half of the workforce in CES is revenue funded.

## Savings proposals 2022-23

10.6. The service continues to look for opportunities to deliver budget savings whilst trying to minimise the impact on vital front line services which local communities, businesses and visitors rely on. The range of services and outcomes means that a single approach would not be beneficial. Instead, CES is focussing on service redesign across the following broad approaches:

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

## Community and Environmental Services proposed budget 2022-23

**Table 29: Detailed budget change forecast Community and Environmental Services 2022-26**

| Ref |  | Final Budget change forecast 2022-26 |                |                |                |
|-----|--|--------------------------------------|----------------|----------------|----------------|
|     |  | 2022-23                              | 2023-24        | 2024-25        | 2025-26        |
|     |  | £m                                   | £m             | £m             | £m             |
|     | <b>OPENING BUDGET</b>  | <b>158.307</b>                       | <b>166.162</b> | <b>176.706</b> | <b>183.824</b> |
|     |  |                                      |                |                |                |
|     | <b>ADDITIONAL COSTS</b>  |                                      |                |                |                |
|     | <b>Economic / Inflationary</b>   |                                      |                |                |                |
|     | Basic Inflation - Pay (3% for 22-23 to 25-26 (22-23 held centrally))           | 0.609                                | 2.090          | 2.152          | 2.152          |
|     | Basic Inflation - Prices   | 2.787                                | 2.961          | 3.166          | 3.166          |
|     | Pay Award 2021-22 (£250 A-F Reversal)  | -0.131                               | 0.000          | 0.000          | 0.000          |
|     | Pay Award 2021-22 (1.75%/2.75% A)  | 0.822                                | 0.000          | 0.000          | 0.000          |
|     | NI 2022-23 1.25% Increase  | 0.702                                | 0.000          | 0.000          | 0.000          |
|     | <b>Legislative Requirements</b>  |                                      |                |                |                |
|     | A and B Class signing review pressure  | -0.500                               | 0.000          | 0.000          | 0.000          |
|     | Trading Standards - additional trading standards requirements following Brexit | 0.000                                | -0.090         | 0.000          | 0.000          |
|     | Fire Pension pressures   | 0.500                                | -0.100         | -0.250         | 0.000          |
|     | Fire Service - Ill health payment to Home Office fire pension account          | 0.200                                | 0.000          | 0.000          | -0.200         |
|     | Fire Service - National event outcomes   | 0.050                                | 0.000          | 0.000          | 0.000          |

## Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Ref |   | Final Budget change forecast 2022-26 |               |               |               |
|-----|---|--------------------------------------|---------------|---------------|---------------|
|     |   | 2022-23<br>£m                        | 2023-24<br>£m | 2024-25<br>£m | 2025-26<br>£m |
|     | Fire Service - Emerging burdens resulting from National Standards, Legislative Duties and the Reform Agenda   | 0.420                                | 0.000         | 0.000         | 0.000         |
|     | Fire Service - Additional costs for statutory training  | 0.200                                | 0.000         | 0.000         | 0.000         |
|     | Fire Service - USAR   | 0.100                                | 0.000         | 0.000         | 0.000         |
|     | The Botulinum Toxin and Cosmetic Fillers (Children) Act 2021 - new burdens  | 0.024                                | 0.000         | 0.000         | 0.000         |
|     | The Food Information (Amendment) (England) Regulations 2019 (otherwise known as "Natasha's Law") - new burdens  | 0.012                                | 0.000         | 0.000         | 0.000         |
|     | Remove CES highways A and B class signage review pressures  | 0.500                                | 0.000         | 0.000         | 0.000         |
|     | Maintenance and Environmental Management plan implementation for capital schemes  | 0.400                                | 0.000         | 0.000         | 0.000         |
|     | Increased fuel costs for construction vehicles (use of red diesel no longer permitted)  | 0.110                                | 0.000         | 0.000         | 0.000         |
|     | Increased fuel costs for gritting vehicles  | 0.050                                | 0.000         | 0.000         | 0.000         |
|     | <b>Demand / Demographic</b>   |                                      |               |               |               |
|     | Waste pressure - demand and demographic (tonnage)   | 1.700                                | 1.700         | 2.000         | 2.000         |
|     | Trading Standards - Additional capacity and resilience requirements   | 0.070                                | 0.000         | 0.000         | 0.000         |
|     | Future maintenance costs of other new infrastructure assets   | 0.050                                | 0.050         | 0.050         | 0.050         |
|     | Future maintenance costs of Great Yarmouth 3rd river crossing   | 0.000                                | 1.240         | 0.000         | 0.000         |
|     | <b>NCC Policy</b>   |                                      |               |               |               |
|     | Emerging cost pressures across all services in 2023-24  | 0.000                                | 3.000         | 0.000         | 0.000         |
|     | Growth and Development - One-off funding for local implementation plans arising from the Local Transport Plan adopted by Full Council 29 November 2021      | 0.215                                | -0.215        | 0.000         | 0.000         |
|     | Scottow Enterprise Zone - Pot B income to reserve   | 0.110                                | 0.000         | 0.000         | 0.000         |
|     | CES - A143 / A12 link road scheme - landscaping pressures   | 0.015                                | 0.000         | 0.000         | 0.000         |
|     | Full mapping and condition survey of cycling infrastructure to enable effective asset management  | -0.150                               | 0.000         | 0.000         | 0.000         |
|     | Planting maintenance in Norwich - for beds on highway. Provision for basic maintenance only.  | 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                               | 0.000         | 0.000         | 0.000         |
|     | One-off contribution to establish a Flood Reserve   | -1.500                               | 0.000         | 0.000         | 0.000         |

# Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Ref    |  | Final Budget change forecast 2022-26 |               |              |              |
|--------|--|--------------------------------------|---------------|--------------|--------------|
|        |  | 2022-23                              | 2023-24       | 2024-25      | 2025-26      |
|        |  | £m                                   | £m            | £m           | £m           |
|        | Permanent provision of flood funding from 2022-23  | 1.120                                | 0.000         | 0.000        | 0.000        |
|        | Equality resources   | -0.020                               | 0.000         | 0.000        | 0.000        |
|        | Additional Commitment to NALC  | 0.010                                | 0.000         | 0.000        | 0.000        |
|        | Growth and Development - Costs associated with strategic transport work, such as Transport East and East-West Rail Consortium memberships  | 0.039                                | 0.000         | 0.000        | 0.000        |
|        | Growth and Development - Strategic Ambitions reserve funding   | 0.079                                | 0.000         | 0.000        | 0.000        |
|        | Loss of income from removal of overdue library charges for children and young people [Cabinet 08/03/2021]  | 0.000                                | 0.044         | 0.000        | 0.000        |
|        | Other pressure on CES income budgets including other library fine income due to changes in policy  | 0.100                                | 0.100         | 0.000        | 0.000        |
|        | Upfront investment for project / scheme development  | 0.000                                | 0.000         | 0.000        | 0.250        |
| EDT050 | Reverse EDT050 (2019-20 saving) for improved management of on street parking not deliverable.  | 0.500                                | 0.000         | 0.000        | 0.000        |
|        | Customer Services - unwinding of capitalisation of staff now undertaking "business as usual" activity. Includes additional capacity required to expand web and online service offer, | 0.300                                | 0.000         | 0.000        | 0.000        |
|        | Customer services fulfilment team - additional central costs of post operations (should be off-set by savings elsewhere in the organisation)   | 0.075                                | 0.000         | 0.000        | 0.000        |
|        | Bridges team - additional revenue costs arising from audit recommendations   | 0.250                                | 0.000         | 0.000        | 0.000        |
|        | Fire Service - Leadership / Talent / Succession  | 0.040                                | 0.000         | 0.000        | 0.000        |
|        | Fire Service - FBT maintenance   | 0.025                                | 0.000         | 0.000        | 0.000        |
|        | Fire Service - Fire station cleaning   | 0.080                                | 0.000         | 0.000        | 0.000        |
|        | Fire Service - Scottow rental costs  | 0.010                                | 0.000         | 0.000        | 0.000        |
|        | Fire service - Fire Behaviour Training: Variable Supplies Costs  | 0.030                                | 0.000         | 0.000        | 0.000        |
|        | Fire Service - Licence East Coast  | 0.100                                | 0.000         | 0.000        | 0.000        |
|        |  | <b>10.053</b>                        | <b>10.780</b> | <b>7.119</b> | <b>7.419</b> |
|        | <b>SAVINGS</b>   |                                      |               |              |              |
| CMM043 | Income generation – Norfolk Museums Service  | 0.000                                | -0.400        | 0.000        | 0.000        |
| CES001 | Additional efficiencies in staffing and operations to progress the Adult Learning service towards its goal of being cost neutral.  | -0.140                               | -0.100        | 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        |

## Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Ref    |  | Final Budget change forecast 2022-26 |         |         |         |
|--------|--|--------------------------------------|---------|---------|---------|
|        |  | 2022-23                              | 2023-24 | 2024-25 | 2025-26 |
|        |  | £m                                   | £m      | £m      | £m      |
| 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                                | 0.000   | 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  | 0.030                                | 0.000   | 0.000   | 0.000   |
| CES046 | BC3 - One-off reduction of the Arts Service budget (Health & Wellbeing)  | 0.005                                | 0.000   | 0.000   | 0.000   |
| CES050 | Buying rather than leasing fire service vehicles. This would bring savings while keeping the same number of vehicles on the road. [Fire Engines]   | -0.100                               | 0.000   | 0.000   | 0.000   |
| CES051 | Buying rather than leasing fire service vehicles. This would bring savings while keeping the same number of vehicles on the road.  | -0.150                               | -0.111  | 0.000   | 0.000   |
| CES052 | Charge for some of the expert planning advice and services we provide. This proposal requires that some of the costs for environment planning advice and information be transferred from the County Council revenue budget to a charge to the planning system. Enacting this change will require engagement with Tier 2 Local Authorities for those planning functions they cover. | -0.075                               | -0.075  | 0.000   | 0.000   |
| CES053 | Efficiency savings (Planning Service). A number of small savings from across the department to reflect various changes in processes, practice, and ways of working with no impact on service delivery.   | -0.026                               | 0.000   | 0.000   | 0.000   |
| CES054 | Contract efficiencies. Working with contractors to deliver lower costs from the arrangements at waste transfer stations.   | -0.070                               | 0.000   | 0.000   | 0.000   |
| CES055 | Charges for trade waste disposal. Updating principles for dealing with costs of trade waste collected by some district councils.   | -0.025                               | 0.000   | 0.000   | 0.000   |
| CES056 | Review of estimates for waste budget increases. Budgets can be adjusted to reflect new contracts with a lower unit cost.   | -0.150                               | 0.000   | 0.000   | 0.000   |
| CES057 | Reduce recycling centre management costs. Working with a contractor to deliver lower costs of service delivery.  | -0.100                               | 0.000   | 0.000   | 0.000   |
| CES058 | Two brand new recycling centres will cost less to run. Savings made as the operating costs of the two new recycling centres (Norwich North and Norwich South) will be lower than the existing sites at Mile Cross and Ketteringham.  | -0.200                               | 0.000   | 0.000   | 0.000   |
| CES059 | Identifying contract efficiency savings. Working with highways contractors to  | -0.035                               | 0.000   | 0.000   | 0.000   |

## Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Ref    |  | Final Budget change forecast 2022-26 |         |         |         |
|--------|--|--------------------------------------|---------|---------|---------|
|        |  | 2022-23                              | 2023-24 | 2024-25 | 2025-26 |
|        |  | £m                                   | £m      | £m      | £m      |
|        | deliver savings from management overheads.   |                                      |         |         |         |
| CES060 | Fixed Penalty Notices. Income from fines if utilities and other companies do not comply with the roadwork permits they have been issued.   | -0.050                               | 0.050   | 0.000   | 0.000   |
| CES061 | Fines for overrunning roadworks. Income from fines if utilities and other companies do not comply with the roadwork permits they have been issued. Section 74 of the New Roads and Street Works Act (NRSWA) allows highway authorities to charge undertakers if street works are unreasonably prolonged i.e. take longer than previously agreed. | -0.350                               | 0.350   | 0.000   | 0.000   |
| CES062 | Create new streetworks technician post. A new streetworks technician post would help strengthen the team that have oversight of roadworks carried out by utility companies across the county. The role could help bring in additional income by improving the management of temporary traffic orders .   | -0.030                               | 0.000   | 0.000   | 0.000   |
| CES063 | Restructure the highways services team. This would affect the back office team and no redundancies would be expected.  | -0.020                               | 0.000   | 0.000   | 0.000   |
| CES064 | Maximise efficiency of winter gritting by using the latest technology. New navigation systems in all gritters will automatically control salt spread rates to best suit precise locations and conditions.  | -0.100                               | 0.000   | 0.000   | 0.000   |
| CES065 | Increase the Highway Design Team charge rates for work on major infrastructure delivery. This will increase the design team fees charged to internal and external clients and ensure full cost recovery.   | -0.150                               | 0.000   | 0.000   | 0.000   |
| CES066 | Fund part of the Council's economic projects budget from an alternative source. Use the County Council's share of income from existing Enterprise Zone sites within Norfolk to fund economic projects.   | -0.089                               | 0.000   | 0.000   | 0.000   |
| CES067 | New library operations centre to cut costs. The new operations centre at Hethersett provides streamlined distribution and enables efficiencies.  | -0.125                               | 0.000   | 0.000   | 0.000   |
| CES068 | Efficiency savings (Community Information and Learning). A number of small savings from across Adult Learning to reflect various changes in processes, practice, ways of working, and additional external funding, with no impact on service delivery.   | -0.090                               | 0.000   | 0.000   | 0.000   |
| CES069 | Restructure back office support team. Some processes are more efficient and therefore the structure of the team could be amended to reflect that.  | -0.069                               | 0.000   | 0.000   | 0.000   |

## Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Ref    |   | Final Budget change forecast 2022-26 |         |         |         |
|--------|---|--------------------------------------|---------|---------|---------|
|        |   | 2022-23                              | 2023-24 | 2024-25 | 2025-26 |
|        |   | £m                                   | £m      | £m      | £m      |
| CES070 | Reduce software costs. Switching to a new provider of design software will meet required needs while also saving money.   | -0.020                               | 0.000   | 0.000   | 0.000   |
| CES071 | Capitalisation of IT costs to bring revenue savings. Capitalising the cost of some IT systems e.g. those used by highways as part of their work to develop the asset.   | -0.080                               | 0.000   | 0.000   | 0.000   |
| CES072 | Additional Streetworks income. Employing an additional Streetworks Temporary Traffic Regulation Order (TTRO) Officer would result in additional income.   | -0.050                               | 0.000   | 0.000   | 0.000   |
| CES073 | Increase the Infrastructure Projects charge rates for work on major infrastructure delivery. This will increase the design team fees charged to internal and external clients and ensure full cost recovery.  | -0.050                               | 0.000   | 0.000   | 0.000   |
| CES074 | Increased income and lower costs for the street lighting and traffic signals Electrical Services Team. This will see savings achieved from increased recharges and system optimisation / efficiencies. In addition, income would be raised by introducing charging for developer advice.  | -0.050                               | 0.000   | 0.000   | 0.000   |
| CES075 | Increased income and lower costs for the Transport Team. This proposal will see savings achieved from increased recharges and system optimisation / efficiencies achieved through changing the way services are delivered.  | -0.075                               | 0.000   | 0.000   | 0.000   |
| CES076 | Reduced highways equipment costs. Following the transfer to NORSE Highways, we have been able to reduce the cost of equipment.  | -0.070                               | 0.000   | 0.000   | 0.000   |
| CES077 | Income generation from highways assets. Increase income from additional highway advertising and sponsorship sites - for example new signs on verges.  | -0.020                               | 0.000   | 0.000   | 0.000   |
| CES078 | Increased income generation by Trading Standards. Further work to generate income through the metrology service, in addition to the existing income generation targets.   | -0.050                               | 0.000   | 0.000   | 0.000   |
| CES079 | Seeking alternative funding sources for the Library and Information Service. Review of external funding and staff structure options.  | -0.090                               | 0.000   | 0.000   | 0.000   |
| CES080 | Cost Recovery for the American Library: The American Library based in the Millennium Library operates in partnership with the Second Air Division Memorial Trust. This proposal seeks to permanently remove the NCC contribution towards staffing costs and requires third party approval. The library would continue to operate at current levels if agreed. | -0.013                               | 0.000   | 0.000   | 0.000   |

## Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Ref    |  | Final Budget change forecast 2022-26 |         |         |         |
|--------|--|--------------------------------------|---------|---------|---------|
|        |  | 2022-23                              | 2023-24 | 2024-25 | 2025-26 |
|        |  | £m                                   | £m      | £m      | £m      |
| CES081 | Customer Services efficiency savings. This proposal reflects removing or changing courier arrangements across the Council. The introduction of a new logistics hub means this saving is possible.  | -0.015                               | 0.000   | 0.000   | 0.000   |
| CES082 | Education Library Service: this proposal removes the subsidy to maintain an Education Library Service and would cease the service to schools in its current format.  | -0.060                               | 0.000   | 0.000   | 0.000   |
| CES083 | Review software and rationalise functionality within other existing systems. This proposal will save money by the Council ceasing to use two current systems replacing them with alternative, lower cost solutions.  | -0.013                               | 0.000   | 0.000   | 0.000   |
| CES084 | Restructuring some back office support teams. Savings from increase in manager self-service enabled by the Council's new HR and Finance system (MyOracle), and other changes in ways of working.   | -0.069                               | 0.000   | 0.000   | 0.000   |
| CES085 | Review of Museums budgets to reflect process and ways of working efficiencies. This proposal reflects additional partnership income, plus additional staffing budget savings including vacancy management, with no change in the service delivered.                      | -0.050                               | 0.000   | 0.000   | 0.000   |
| CES086 | Income generation by the Norfolk Record Office. This proposal reflects an increase in income through the launch of a new online service for ordering digital images and an anticipated increase in revenue from licenced images following the launch of the 1921 census. | -0.010                               | 0.000   | 0.000   | 0.000   |
| CES087 | Additional costs for advisory work met through the planning system.  | -0.025                               | 0.000   | 0.000   | 0.000   |
| CES088 | Culture and Heritage (Planning Service). Savings from planning application work being dealt with in house at the County Council.   | -0.015                               | 0.000   | 0.000   | 0.000   |
| CES089 | Reduction in existing budget pressure for Fire Service. This saving reflects a reduction in the anticipated required pension contributions for Fire Service currently provided for in the budget.  | -0.050                               | 0.000   | 0.000   | 0.000   |
| CES090 | Finalising a restructure of the [Fire Service] senior management team and strategic operational command arrangements.  | -0.020                               | 0.000   | 0.000   | 0.000   |
| CES092 | Review of on-street parking operation  | -0.155                               | 0.000   | 0.000   | 0.000   |
| CES093 | Capitalisation of Flood mitigation works   | 0.000                                | 0.000   | 0.000   | 0.000   |
| CES094 | Bring forward the reversal of Brexit pressures   | -0.090                               | 0.090   | 0.000   | 0.000   |
| CES095 | Capitalise additional ICT costs but fund from within existing capital allocations rather than increase capital requirement - Yotta   | -0.080                               | 0.000   | 0.000   | 0.000   |

# Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Ref    |  | Final Budget change forecast 2022-26 |                |                |                |
|--------|--|--------------------------------------|----------------|----------------|----------------|
|        |  | 2022-23<br>£m                        | 2023-24<br>£m  | 2024-25<br>£m  | 2025-26<br>£m  |
| CES096 | Capitalise additional ICT costs but fund from within existing capital allocations rather than increase capital requirement – Arc GIS   | 0.000                                | -0.100         | 0.000          | 0.000          |
| CES097 | Remove CES ICT reserve   | -0.085                               | 0.085          | 0.000          | 0.000          |
| CES098 | Use of Public Health Funding to off-set cost of service delivery - Museums   | -0.062                               | 0.000          | 0.000          | 0.000          |
| CES099 | Tarmac - increased 2021 contract saving over and above £250,000  | -0.010                               | 0.010          | 0.000          | 0.000          |
| CES100 | Norse Highways - increased saving over and above original business plan  | -0.075                               | 0.000          | 0.000          | 0.000          |
| CES101 | Reduced spend on materials fund  | -0.005                               | 0.000          | 0.000          | 0.000          |
| CES102 | Use of Public Health Funding to off-set cost of service delivery - Libraries   | -0.055                               | 0.000          | 0.000          | 0.000          |
| CES103 | Additional income targets within Adult learning  | -0.010                               | 0.000          | 0.000          | 0.000          |
| CES104 | All urban grass cutting to be managed by the county council under a single contract. This would mean ending the current agreement for Breckland District Council to manage urban cutting in that district. Bringing all urban grass cutting under one contract for the county would provide an opportunity to reduce the total cost. | -0.040                               | 0.000          | 0.000          | 0.000          |
|        |  | <b>-3.496</b>                        | <b>-0.236</b>  | <b>0.000</b>   | <b>0.000</b>   |
|        | <b>BASE ADJUSTMENTS</b>  |                                      |                |                |                |
|        |  | <b>0.000</b>                         | <b>0.000</b>   | <b>0.000</b>   | <b>0.000</b>   |
|        | <b>COST NEUTRAL ADJUSTMENTS</b>  |                                      |                |                |                |
|        | Depreciation transfer  | 1.734                                | 0.000          | 0.000          | 0.000          |
|        | Debt management transfer   | -0.013                               | 0.000          | 0.000          | 0.000          |
|        | CES/S&T/FCS - Salaries - Fire Payroll admin & HR advisors & assistants   | -0.260                               | 0.000          | 0.000          | 0.000          |
|        | CES/S&T/FCS - Salaries - Fire Health & Safety  | -0.089                               | 0.000          | 0.000          | 0.000          |
|        | CES/S&T/FCS - HR for wellbeing   | -0.016                               | 0.000          | 0.000          | 0.000          |
|        | CES/FG - Finance Leases - CF1022 (Fire Vehicles 2010)  | 0.116                                | 0.000          | 0.000          | 0.000          |
|        | CES/FG - Finance Leases - CF1064 (Fire Breathing Apparatus 2012)   | 0.043                                | 0.000          | 0.000          | 0.000          |
|        | FCS/CES - CPT/Adult Learning   | 0.008                                | 0.000          | 0.000          | 0.000          |
|        | FG/CES - Finance Leases - CF1069 (Fire PPE Equipment)  | -0.209                               | 0.000          | 0.000          | 0.000          |
|        | FG/CES - 0.75% Additional Inflation for 2020-21 Salaries (Fire)  | 0.083                                | 0.000          | 0.000          | 0.000          |
|        | CES/FCS - ICT lease transfer to KT4300 Fire IMT for licence renewals   | -0.100                               | 0.000          | 0.000          | 0.000          |
|        |  | <b>1.298</b>                         | <b>0.000</b>   | <b>0.000</b>   | <b>0.000</b>   |
|        |  |                                      |                |                |                |
|        | <b>NET BUDGET</b>  | <b>166.162</b>                       | <b>176.706</b> | <b>183.824</b> | <b>191.243</b> |



## 11. 2022-23 Budget proposals – Strategy and Transformation

### Service Strategy and context

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

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

- 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

## Service financial strategy and savings proposals 2022-23

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

- Communications
- Training and development
- Delivery of HR services (Fire, Schools)

11.4. 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
- Increase the provision of insight, accessible information and resources in a timely and meaningful way so as 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 programme's 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.

## Key issues and risks

11.5. The MyOracle go live date of April 2022 creates risks to reduce headcount in HR. the continued phasing of MyOracle functionality over 2022 will require continuation of existing systems and current processes into 2022. There is risk to deliver the benefit case for HR in 2022 and the budget saving put forward before timescales were reshaped.

11.6. The demand for insight and reporting continues to increase both in terms of volume and complexity, which reflects NCC's growing maturity in how it values the use of data to understand daily operation and insight to inform decision making. However, the growing demand will require additional analytical resources and a different pan-NCC approach, ensuring the effective and efficient use of analysts.

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

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

11.8. The department responded to the pandemic by providing extra support and services to the wider organisation. The financial impact of this has been expenditure in temporary staff paid through reserves or COMF

11.9. funding if linked to direct public health work.

11.10. The recent continued local and nationally imposed demands that are not able to be funded through covid monies or go beyond the covid funding duration will add to cost pressures and some continuation of reserves support within HR to support recruitment for care support, policy and advice.

11.11. The current proposals of £0.259m are additional to the gross savings of £0.480m previously identified for 2022-23.

## Strategy and Transformation proposed budget 2022-23

**Table 30: Detailed budget change forecast Strategy and Transformation 2022-26**

| Ref |  | Final Budget change forecast 2022-26 |              |              |              |
|-----|--|--------------------------------------|--------------|--------------|--------------|
|     |  | 2022-23                              | 2023-24      | 2024-25      | 2025-26      |
|     |  | £m                                   | £m           | £m           | £m           |
|     | <b>OPENING BUDGET</b>  | <b>8.422</b>                         | <b>8.759</b> | <b>9.215</b> | <b>9.583</b> |
|     |  |                                      |              |              |              |
|     | <b>ADDITIONAL COSTS</b>  |                                      |              |              |              |
|     | <b>Economic / Inflationary</b>                                       |                                      |              |              |              |
|     | Basic Inflation - Pay (3% for 22-23 to 25-26 (22-23 held centrally)) | 0.002                                | 0.352        | 0.365        | 0.365        |
|     | Basic Inflation - Prices   | 0.002                                | 0.002        | 0.002        | 0.002        |
|     | Pay Award 2021-22 (£250 A-F Reversal)                                | -0.010                               | 0.000        | 0.000        | 0.000        |
|     | Pay Award 2021-22 (1.75%/2.75% A)                                    | 0.193                                | 0.000        | 0.000        | 0.000        |
|     | NI 2022-23 1.25% Increase  | 0.119                                | 0.000        | 0.000        | 0.000        |
|     | <b>Demand / Demographic</b>  |                                      |              |              |              |
|     |  | 0.000                                | 0.000        | 0.000        | 0.000        |

# Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Ref    |   | Final Budget change forecast 2022-26 |              |              |              |
|--------|---|--------------------------------------|--------------|--------------|--------------|
|        |   | 2022-23                              | 2023-24      | 2024-25      | 2025-26      |
|        |   | £m                                   | £m           | £m           | £m           |
|        | <b>NCC Policy</b>   |                                      |              |              |              |
|        | Delivery of Apprenticeship Strategy 2020-2023 [Cabinet 06/09/2021]  | 0.115                                | 0.000        | 0.000        | 0.000        |
|        |   | <b>0.422</b>                         | <b>0.354</b> | <b>0.367</b> | <b>0.367</b> |
|        | <b>SAVINGS</b>  |                                      |              |              |              |
| 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.  | -0.200                               | 0.000        | 0.000        | 0.000        |
| SGD014 | BC3 - One-off release of Strategy and Governance reserves   | 0.300                                | 0.000        | 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   | -0.280                               | 0.000        | 0.000        | 0.000        |
| S&T001 | Reduction in HR budgets. Savings to be delivered through a range of measures including efficiency savings arising from the new HR and Finance system (MyOracle). Approach will include revised service delivery model and savings from central rationalisation of HR functions (Fire HR transfer into central HR budget), as well as savings from reduced mileage, printing etc as a result of new ways of working. | -0.150                               | 0.000        | 0.000        | 0.000        |
| S&T002 | Insight & Analytics budget saving and additional income. Deliver a saving by delaying recruitment and seeking alternative sources of funding for currently vacant posts.  | -0.097                               | 0.097        | 0.000        | 0.000        |
| S&T003 | One off use of Strategy and Transformation reserves.  | -0.050                               | 0.050        | 0.000        | 0.000        |
| S&T004 | Reduction in Transformation budgets. Deliver a saving from a reduction in advertising posts and external fees.  | -0.010                               | 0.000        | 0.000        | 0.000        |
| S&T005 | National Insurance savings on employee support schemes - invest to save approach based on promoting uptake of salary sacrifice arrangements to deliver Employer's NI savings  | -0.060                               | -0.045       | 0.000        | 0.000        |
|        | Reverse prior year saving P&R099 - Savings including use of one-off reserves in 2018-19   | 0.108                                | 0.000        | 0.000        | 0.000        |
|        |   | <b>-0.439</b>                        | <b>0.102</b> | <b>0.000</b> | <b>0.000</b> |
|        | <b>COST NEUTRAL ADJUSTMENTS</b>   |                                      |              |              |              |
|        | CES/S&T/FCS - Salaries - Fire HR advisors & assistants and Health & Safety  | 0.289                                | 0.000        | 0.000        | 0.000        |
|        | CES/S&T/FCS - HR for wellbeing  | 0.016                                | 0.000        | 0.000        | 0.000        |
|        | GOV/S&T - Budget transfer from Dem Services to S&T. 1xG Grade. Pro rata 1st Aug-31Mar22   | 0.022                                | 0.000        | 0.000        | 0.000        |
|        | GOV/S&T - Transfer 1FTE D grade BSO, effective 21st June 21   | 0.024                                | 0.000        | 0.000        | 0.000        |

# Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Ref |  | Final Budget change forecast 2022-26 |              |              |              |
|-----|--|--------------------------------------|--------------|--------------|--------------|
|     |  | 2022-23                              | 2023-24      | 2024-25      | 2025-26      |
|     |  | £m                                   | £m           | £m           | £m           |
|     | FG/S&T Top-up Grade D BSO funding from Dem Services to grade E | 0.003                                | 0.000        | 0.000        | 0.000        |
|     |  | <b>0.354</b>                         | <b>0.000</b> | <b>0.000</b> | <b>0.000</b> |
|     |  |                                      |              |              |              |
|     | <b>NET BUDGET</b>  | <b>8.759</b>                         | <b>9.215</b> | <b>9.583</b> | <b>9.950</b> |

## 12. 2022-23 Budget proposals – Governance

### Service Strategy and context

12.1. The Governance department brings together Democratic Services, Regulatory 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.
- Essential face to face public services
- Quality legal services to external partners and NCC departments

### Service financial strategy and savings proposals 2022-23

12.2. Priorities for the following year include:

- Developing better systems, processes and online resources which support self-service and improve access for the public, councillors and colleagues.
- 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.
- Reviewing existing arrangements with districts to ensure that the agreement continues to operate fairly and to the benefit of all
- 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

### Key issues and risks

- The Medical Examiner service has an expanded remit from April 2022 to also investigate community deaths. From experience we expect this will increase Coroner referrals and cases with associated workload pressures.
- Fewer available Pathologists, caused by retirement and exacerbated by the low statutory fee paid, is creating a delay to post-mortems. This necessitates increased use of agency Pathologists at a higher cost.

## Appendix 1: Norfolk County Council Revenue Budget 2022-23

- Changes were made in 2021 to the legal processes for Church of England weddings. Registrars are now required undertake new statutory duties making a significant new administrative burden which has been partially absorbed in 2021 by extra Covid-funded staff who will finish in March 2022.
- Democratic Services continues, with fewer people to undertake the work, to provide extensive research and detailed briefings in support of some committees; this high level of service cannot be sustained after April 2022.

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

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

12.4. The pandemic financial impact within the department has mainly related to extra expenditure on temporary staff. Any further local or nationally imposed demands that are not able to be funded through covid monies or go beyond the covid funding duration would add to the service risks and cost pressures highlighted above.

### Governance proposed budget 2022-23

**Table 31: Detailed budget change forecast Governance 2022-26**

| Ref |  | Final Budget change forecast 2022-26 |              |              |              |
|-----|--|--------------------------------------|--------------|--------------|--------------|
|     |  | 2022-23                              | 2023-24      | 2024-25      | 2025-26      |
|     |  | £m                                   | £m           | £m           | £m           |
|     | <b>OPENING BUDGET</b>  | <b>1.904</b>                         | <b>1.960</b> | <b>2.315</b> | <b>2.501</b> |
|     |  |                                      |              |              |              |
|     | <b>ADDITIONAL COSTS</b>  |                                      |              |              |              |
|     | <b>Economic / Inflationary</b>                                       |                                      |              |              |              |
|     | Basic Inflation - Pay (3% for 22-23 to 25-26 (22-23 held centrally)) | 0.001                                | 0.111        | 0.118        | 0.118        |
|     | Basic Inflation - Prices   | -0.041                               | -0.042       | -0.043       | -0.043       |
|     | Pay Award 2021-22 (£250 A-F Reversal)                                | -0.015                               | 0.000        | 0.000        | 0.000        |
|     | Pay Award 2021-22 (1.75%/2.75% A)                                    | 0.141                                | 0.000        | 0.000        | 0.000        |
|     | NI 2022-23 1.25% Increase  | 0.085                                | 0.000        | 0.000        | 0.000        |
|     | <b>Demand / Demographic</b>  |                                      |              |              |              |
|     | Coroners - additional cost for storing bodies                        | 0.080                                | 0.080        | 0.000        | 0.000        |
|     | <b>NCC Policy</b>  |                                      |              |              |              |
|     | Coroners Officers administrative team (12 FTE) transfer from Police  | 0.051                                | 0.105        | 0.111        | 0.118        |

# Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Ref    |   | Final Budget change forecast 2022-26 |              |              |              |
|--------|---|--------------------------------------|--------------|--------------|--------------|
|        |   | 2022-23                              | 2023-24      | 2024-25      | 2025-26      |
|        |   | £m                                   | £m           | £m           | £m           |
|        |   | <b>0.302</b>                         | <b>0.255</b> | <b>0.186</b> | <b>0.193</b> |
|        | <b>SAVINGS</b>  |                                      |              |              |              |
| GOV001 | Efficiency savings. Implementing Smarter Working practices across Nplaw, including moving from paper based bundles to electronic bundles, which reduces core costs.                                     | -0.080                               | 0.000        | 0.000        | 0.000        |
| GOV002 | Reduction in Monitoring Officer budget. Remove capacity from Monitoring Officer budget.   | -0.023                               | 0.000        | 0.000        | 0.000        |
| GOV003 | Reduction in Governance budgets. Saving to be delivered from reducing training and removing Governance estate and site management budgets.  | -0.009                               | 0.000        | 0.000        | 0.000        |
| GOV004 | Reduction in Governance budgets. Saving to be delivered by reducing Governance budget for rents and hire, while retaining the Coroner's budget for inquests that cannot be accommodated at County Hall. | -0.013                               | 0.000        | 0.000        | 0.000        |
| GOV005 | Use of Governance reserves. One-off release of reserves to offset budget pressures following review of all reserves held.   | -0.100                               | 0.100        | 0.000        | 0.000        |
| GOV006 | Income generation. Recognising the potential for growth in Nplaw, including external income generation.   | -0.010                               | 0.000        | 0.000        | 0.000        |
| GOV008 | Reduction of the Elections budget (KA0200)  | -0.020                               | 0.000        | 0.000        | 0.000        |
| GOV009 | New improved contract management on Coroners Fees and Charges (KA0150)  | -0.040                               | 0.000        | 0.000        | 0.000        |
|        | Reverse prior year savings (various) not deliverable on ongoing basis   | 0.095                                | 0.000        | 0.000        | 0.000        |
|        |   | <b>-0.200</b>                        | <b>0.100</b> | <b>0.000</b> | <b>0.000</b> |
|        | <b>COST NEUTRAL ADJUSTMENTS</b>   |                                      |              |              |              |
|        | GOV/S&T - Budget transfer from Dem Serv to S&T. Part of G grade post. Pro rata 1st Aug-31Mar22  | -0.022                               | 0.000        | 0.000        | 0.000        |
|        | GOV/S&T - Transfer 1FTE D grade BSO effective 21st June 21  | -0.024                               | 0.000        | 0.000        | 0.000        |
|        |   | <b>-0.046</b>                        | <b>0.000</b> | <b>0.000</b> | <b>0.000</b> |
|        |   |                                      |              |              |              |
|        | <b>NET BUDGET</b>   | <b>1.960</b>                         | <b>2.315</b> | <b>2.501</b> | <b>2.694</b> |

## **13. 2022-23 Budget proposals – Finance and Commercial Services / Finance General**

### **Service Strategy and context**

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

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

### **Service financial strategy and savings proposals 2022-23**

13.2. The key objectives set out above have informed the Department's approach to identifying budget proposals which minimise the impact on front line services. Saving plans for 2022-23 are therefore focussed on achieving efficiencies and improvements, including realising the benefits of the HR and Finance System replacement over the next two financial years, and achieving savings from greater integration of activities within IMT. Alongside this, the Department is seeking to maximise income, for example from the Corporate Property Estate.

### **Key issues and risks**

13.3. The Department is directly managing, and supporting the wider Council with a number of key issues and risks:

- Supporting the response to COVID-19 including directly through Finance Exchequer Services activities;
- Providing and managing resilient IT infrastructure to support staff at all NCC sites and working remotely;
- Delivering major procurements;
- Rationalising and achieving best value from the Council's property portfolio;
- Supporting the Council to set and deliver services within planned budgets;
- Supporting the wider organisation to engage with funding reform and ensuring the Council's needs are understood by Government;

## Finance and Commercial Services proposed budget 2022-23

Table 32: Detailed budget change forecast Finance and Commercial Services 2022-26

| Ref    |   | Final Budget change forecast 2022-26 |               |               |               |
|--------|---|--------------------------------------|---------------|---------------|---------------|
|        |   | 2022-23<br>£m                        | 2023-24<br>£m | 2024-25<br>£m | 2025-26<br>£m |
|        | <b>OPENING BUDGET</b>   | <b>32.235</b>                        | <b>33.424</b> | <b>34.550</b> | <b>36.094</b> |
|        |   |                                      |               |               |               |
|        | <b>ADDITIONAL COSTS</b>   |                                      |               |               |               |
|        | <b>Economic / Inflationary</b>  |                                      |               |               |               |
|        | Basic Inflation - Pay (3% for 22-23 to 25-26 (22-23 held centrally))  | 0.004                                | 0.729         | 0.745         | 0.745         |
|        | Basic Inflation - Prices  | 0.685                                | 0.750         | 0.800         | 0.800         |
|        | Pay Award 2021-22 (£250 A-F Reversal)   | -0.049                               | 0.000         | 0.000         | 0.000         |
|        | Pay Award 2021-22 (1.75%/2.75% A)   | 0.410                                | 0.000         | 0.000         | 0.000         |
|        | NI 2022-23 1.25% Increase   | 0.243                                | 0.000         | 0.000         | 0.000         |
|        | <b>NCC Policy</b>   |                                      |               |               |               |
|        | Revenue pressure for HR and Finance System replacement  | -0.360                               | -0.052        | 0.000         | 0.000         |
|        | Library revenue pressures - Sinking Fund (Forum 2022-23)  | 0.022                                | 0.000         | 0.000         | 0.000         |
|        | Remote working costs - provision of adjustable desks and chairs following DSE assessment  | 0.100                                | 0.000         | 0.000         | 0.000         |
|        | Increased Microsoft support costs   | 0.085                                | 0.000         | 0.000         | 0.000         |
|        | Removal of one-off property cost pressures from 2021-22 budgeting   | -0.178                               | 0.000         | 0.000         | 0.000         |
|        | Property - recurrent cost pressures from 21-22 activity levels  | 1.558                                | 0.000         | 0.000         | 0.000         |
|        |   | <b>2.520</b>                         | <b>1.426</b>  | <b>1.544</b>  | <b>1.544</b>  |
|        | <b>SAVINGS</b>  |                                      |               |               |               |
| FCS011 | One-off use of reserves - One-off savings and use of reserves within Budgeting and Financial Management.  | 0.255                                | 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. | -0.400                               | -0.100        | 0.000         | 0.000         |
| FCS016 | One-off saving from release of reserves.  | 0.372                                | 0.000         | 0.000         | 0.000         |
| FCS017 | BC3 - Budgeting and Accounting one-off use of Finance Org Change reserve.   | 0.157                                | 0.000         | 0.000         | 0.000         |
| FCS018 | Benefits realisation from the HR & Finance system replacement (MyOracle) project. Recognising efficiency and other savings to be achieved within Budgeting and Accounting service from 2023-24.   | 0.000                                | -0.200        | 0.000         | 0.000         |
| FCS019 | Operational efficiencies generated from greater integration of functions and teams within IMT   | -0.050                               | 0.000         | 0.000         | 0.000         |
| FCS020 | Income from letting of underutilised element of NCC estate to a commercial tenant   | -0.200                               | 0.000         | 0.000         | 0.000         |

## Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Ref |  | Final Budget change forecast 2022-26 |               |               |               |
|-----|--|--------------------------------------|---------------|---------------|---------------|
|     |  | 2022-23                              | 2023-24       | 2024-25       | 2025-26       |
|     |  | £m                                   | £m            | £m            | £m            |
|     |  | <b>0.134</b>                         | <b>-0.300</b> | <b>0.000</b>  | <b>0.000</b>  |
|     | <b>COST NEUTRAL ADJUSTMENTS</b>                                      |                                      |               |               |               |
|     | Depreciation transfer  | -1.614                               | 0.000         | 0.000         | 0.000         |
|     | Debt management transfer   | -0.002                               | 0.000         | 0.000         | 0.000         |
|     | CES/S&T/FCS - Salaries - Fire Payroll admin                          | 0.060                                | 0.000         | 0.000         | 0.000         |
|     | FCS/CES - Adult Learning - Corporate Property                        | -0.008                               | 0.000         | 0.000         | 0.000         |
|     | CES/FCS - ICT lease transfer to KT4300 Fire IMT for licence renewals | 0.100                                | 0.000         | 0.000         | 0.000         |
|     |  | <b>-1.465</b>                        | <b>0.000</b>  | <b>0.000</b>  | <b>0.000</b>  |
|     |  |                                      |               |               |               |
|     | <b>NET BUDGET</b>  | <b>33.424</b>                        | <b>34.550</b> | <b>36.094</b> | <b>37.639</b> |

### Finance General proposed budget 2022-23

13.4. 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.

13.5. 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 33: Detailed budget change forecast Finance General 2022-26 (2.99%)**

| Ref |                                       | Final Budget change forecast 2022-26 |                 |                 |                 |
|-----|---------------------------------------|--------------------------------------|-----------------|-----------------|-----------------|
|     |                                       | 2022-23                              | 2023-24         | 2024-25         | 2025-26         |
|     |                                       | £m                                   | £m              | £m              | £m              |
|     | <b>OPENING BUDGET</b>                 | <b>-193.210</b>                      | <b>-198.230</b> | <b>-167.238</b> | <b>-162.976</b> |
|     |                                       |                                      |                 |                 |                 |
|     | <b>ADDITIONAL COSTS</b>               |                                      |                 |                 |                 |
|     | <b>Economic / Inflationary</b>        |                                      |                 |                 |                 |
|     | Basic Inflation - Pay                 | 0.584                                | 0.851           | 0.962           | 0.962           |
|     | Basic Inflation - Prices              | 0.047                                | 0.048           | 0.050           | 0.050           |
|     | Pay Award 2021-22 (£250 A-F Reversal) | -0.001                               | 0.000           | 0.000           | 0.000           |
|     | Pay Award 2021-22 (1.75%/2.75% A)     | -4.312                               | 0.000           | 0.000           | 0.000           |
|     | NI 2022-23 1.25% Increase             | 0.004                                | 0.000           | 0.000           | 0.000           |
|     | Pay Award 2022-23 (3%)                | 7.484                                | 0.000           | 0.000           | 0.000           |
|     | <b>Legislative Requirements</b>       |                                      |                 |                 |                 |

# Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Ref    |   | Final Budget change forecast 2022-26 |               |              |               |
|--------|---|--------------------------------------|---------------|--------------|---------------|
|        |   | 2022-23                              | 2023-24       | 2024-25      | 2025-26       |
|        |   | £m                                   | £m            | £m           | £m            |
|        | NCC Pensions valuation 31 March 2019 for 2020-21 to 2022-23   | 0.168                                | 1.152         | 0.000        | 0.000         |
|        | Other Pensions valuation 31 March 2019 for 2020-21 to 2022-23   | 0.848                                | 0.848         | 0.000        | 0.000         |
|        | Environment Agency Levy increase  | 0.050                                | 0.050         | 0.000        | 0.000         |
|        | Increased IFCA Precept  | 0.011                                | 0.011         | 0.000        | 0.000         |
|        | <b>NCC Policy</b>   |                                      |               |              |               |
|        | Minimum Revenue Provision   | 3.000                                | 6.000         | 3.000        | 0.000         |
|        | Remove assumptions about application of capital receipts for repayment of debt  | 3.400                                | 0.000         | 0.000        | 0.000         |
|        | Increased Treasury Management costs   | 1.643                                | 2.902         | 0.000        | 0.000         |
|        | Children's transformation provision removal   | 0.000                                | 0.000         | 0.000        | -2.000        |
|        | Provision to increase General Fund level to maintain at target 5% net Budget  | 0.500                                | 0.250         | 0.250        | 0.000         |
|        | Provision for COVID pressures including Adults (centrally held)   | -18.829                              | 0.000         | 0.000        | 0.000         |
|        | One-off application of 2021-22 underspends carried forward to support revenue budget pressures across all services  | -18.000                              | 18.000        | 0.000        | 0.000         |
|        | Provision for specific contractual and other risk pressures identified for 2022-23  | 0.750                                | 0.000         | 0.000        | 0.000         |
|        | Reduced ESPO dividend income  | 0.120                                | 0.060         | 0.000        | 0.000         |
|        | Reduction in income following Norwich Airport Industrial Estate disposal [Cabinet 05/07/2021]   | 0.367                                | 0.000         | 0.000        | 0.000         |
|        |   | <b>-22.166</b>                       | <b>30.172</b> | <b>4.262</b> | <b>-0.988</b> |
|        | <b>SAVINGS</b>  |                                      |               |              |               |
| 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                                | 0.000         | 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                                | 0.000         | 0.000        | 0.000         |
| FIN005 | One off release from Organisational Change Fund. Annual budget provision is made for organisational change and redundancy costs. An assessment of the amount required to be held against organisational need(s), experience of actual costs incurred, and the likely organisational and staffing impact of emerging saving proposals for 2022-23, indicate that it would be possible to release £0.750m from this budget on a one-off basis.  | -0.750                               | 0.750         | 0.000        | 0.000         |

# Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Ref    |  | Final Budget change forecast 2022-26 |              |              |              |
|--------|--|--------------------------------------|--------------|--------------|--------------|
|        |  | 2022-23                              | 2023-24      | 2024-25      | 2025-26      |
|        |  | £m                                   | £m           | £m           | £m           |
| FIN006 | Reduce budgetary provision for grants to other public bodies. Reducing the budget held corporately to support partnership work with other public bodies following a review of recent funding needs.                    | -0.300                               | 0.000        | 0.000        | 0.000        |
| FIN007 | Review of employer pension pressure provision. Revising the budget provided to reflect the actuarial valuation of the pension fund and the level of lump sum payment required 2022-23.                                 | -1.000                               | 0.000        | 0.000        | 0.000        |
| FIN008 | Review of treasury management requirements. Review of borrowing needs and interest rates will enable a saving to be delivered from interest payable budgets.   | -0.500                               | 0.000        | 0.000        | 0.000        |
| FIN009 | Reduction in budget required for members travel expenses due to adoption of smarter working approaches   | -0.050                               | 0.000        | 0.000        | 0.000        |
| FIN010 | Additional saving from review of treasury management requirements. Latest borrowing undertaken, with review of borrowing needs and interest rates, will enable a further saving to be delivered from interest budgets. | -0.280                               | -0.500       | 0.000        | 0.000        |
|        |  | <b>-1.880</b>                        | <b>0.250</b> | <b>0.000</b> | <b>0.000</b> |
|        | <b>BASE ADJUSTMENTS</b>  |                                      |              |              |              |
|        | New Homes Bonus Grant  | 0.436                                | 1.833        | 0.000        | 0.000        |
|        | Change in Revenue Support Grant  | -1.224                               | 0.000        | 0.000        | 0.000        |
|        | Local Council Tax Support Grant  | 7.512                                | 0.000        | 0.000        | 0.000        |
|        | Additional 2022-23 "Services Grant" one-off (share of £1.5bn pa SR21 announcement)   | -10.687                              | 10.687       | 0.000        | 0.000        |
|        | NCC assumptions for transitional arrangements in 2023-24 Fair Funding Review   | 0.000                                | -12.000      | 0.000        | 0.000        |
|        | Extended Rights to Free Travel Grant   | -0.575                               | 0.000        | 0.000        | 0.000        |
|        | One-off release of Covid funding Tranche 4 carried forward for 2021-22 pressures   | 5.608                                | 0.000        | 0.000        | 0.000        |
|        | One-off Business Rates reserve use   | 2.265                                | 0.000        | 0.000        | 0.000        |
|        | Rebase Business Rates budget   | -3.214                               | 0.000        | 0.000        | 0.000        |
|        | COVID-19 Grant 2021-22 (Tranche 5)   | 18.829                               | 0.000        | 0.000        | 0.000        |
|        |  | <b>18.948</b>                        | <b>0.520</b> | <b>0.000</b> | <b>0.000</b> |
|        | <b>COST NEUTRAL ADJUSTMENTS</b>  |                                      |              |              |              |
|        | Depreciation transfer  | -0.975                               | 0.000        | 0.000        | 0.000        |
|        | Debt management transfer   | 0.019                                | 0.000        | 0.000        | 0.000        |
|        | CES/FG - Finance Leases - CF1022 (Fire Vehicles 2010)  | -0.116                               | 0.000        | 0.000        | 0.000        |
|        | CES/FG - Finance Leases - CF1064 (Fire Breathing Apparatus 2012)   | -0.043                               | 0.000        | 0.000        | 0.000        |
|        | FG/CES - Finance Leases - CF1069 (Fire PPE Equipment)  | 0.209                                | 0.000        | 0.000        | 0.000        |
|        | FG to CS Extended Rights to Free Travel grant  | 1.071                                | 0.050        | 0.000        | 0.000        |
|        | FG/CES - 0.75% Additional Inflation for 2020-21 Salaries (Fire)  | -0.083                               | 0.000        | 0.000        | 0.000        |
|        | FG/S&T Top-up Grade D BSO funding from Dem Services to grade E   | -0.003                               | 0.000        | 0.000        | 0.000        |

| Ref |                   | Final Budget change forecast 2022-26 |                 |                 |                 |
|-----|-------------------|--------------------------------------|-----------------|-----------------|-----------------|
|     |                   | 2022-23                              | 2023-24         | 2024-25         | 2025-26         |
|     |                   | £m                                   | £m              | £m              | £m              |
|     |                   | 0.079                                | 0.050           | 0.000           | 0.000           |
|     |                   |                                      |                 |                 |                 |
|     | <b>NET BUDGET</b> | <b>-198.230</b>                      | <b>-167.238</b> | <b>-162.976</b> | <b>-163.965</b> |

Table 34: Detailed budget change forecast Finance General 2022-26 (3.99%)

| Ref |  | Final Budget change forecast 2022-26 |                 |                 |                 |
|-----|--|--------------------------------------|-----------------|-----------------|-----------------|
|     |  | 2022-23                              | 2023-24         | 2024-25         | 2025-26         |
|     |  | £m                                   | £m              | £m              | £m              |
|     | <b>OPENING BUDGET</b>  | -193.210                             | -193.731        | -171.737        | -162.976        |
|     | 3.99% Adjustment: Phase one-off application of 2021-22 underspends carried forward to support revenue budget pressures across all services | 4.499                                | -8.998          | 4.499           | 0.000           |
|     | All other adjustments (as per 2.99% model)   | -5.020                               | 30.992          | 4.262           | -0.988          |
|     |  |                                      |                 |                 |                 |
|     | <b>NET BUDGET with 3.99% council tax 2022-23</b>   | <b>-193.731</b>                      | <b>-171.737</b> | <b>-162.976</b> | <b>-163.965</b> |

## 14. Public consultation

14.1. 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.

14.2. For the 2022-23 Budget the Council has consulted on proposals to:

- increase council tax by 1.99%; and
- increase the Adult Social Care precept by 1.00%.

14.3. The Council also invited comments on the approach to budget savings or any of the individual proposals themselves. No specific proposals were anticipated to have an impact on service delivery.

14.4. The approach to consultation involved:

- Consultation took place between 25 November 2021 and 30 December 2021 with consultation feedback available for Cabinet in January 2022;
- Proposals were published and consulted on via the council's consultation hub, Citizen Space:

<https://norfolk.citizenspace.com/consultation/budget-consultation-2022-23/>;

- 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, the Norfolk Resident's Panel, 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.

14.5. It should be noted that the consultation did not cover the proposals brought forward in the third round of savings development, in December 2021 as described in paragraph 7.3. Details of the savings arising from this exercise are also set out in Section 7. Those considered to be efficiency type savings which will not impact on front line service delivery (and therefore would not require public consultation) have been included in the proposed 2022-23 Budget.

#### **Your views on our budget consultation 2022-23: consultation feedback**

14.6. We received 248 responses in total. The great majority of responses have come from individuals or family representatives amongst the general public (92.34%); with a relatively balanced gender mix, the majority of respondents aged 45+, 80% of respondents declaring themselves White British, and 22% with a disability. Three town/parish councillors, two voluntary groups, and ten employees responded directly.

14.7. 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 2022-23):**

- We received 248 responses to this section with a slight skew to agreement – just under half (118) either agreed (68) or strongly agreed (50) with this proposal. 41% (101) either disagreed (29) or strongly

disagreed (72); whilst 27 were neutral and 2 stated that they did not know.

- Agreement tends to be underpinned by belief that the increase is necessary even if challenging or unwelcome, services are vital and should be protected
- Disagreement tends to be attributed to the increase being unaffordable with the cost of living increasing and/or related financial anxieties, that too much is already being paid in tax, that the Council and services need to be more efficient, that central Government should be providing more money.
- Other prominent themes (of many) include:
  - generally supportive and regarding as a way forward to balance finances;
  - more information needed about our savings proposals; and
  - that COVID-19 impacts mean services need to be maintained.

#### **ADULT SOCIAL CARE PRECEPT (proposal to increase the adult social care precept by 1% in 2022-23):**

- We received 246 responses to this section with a slight skew to agreement – just over half (137) either agreed (70) or strongly agreed (67) with this proposal. Around a third (89) either disagreed (37) or strongly disagreed (52); whilst 20 were neutral.
- Agreement tends to be underpinned by belief adult social services and should be protected and that the increase is necessary, that people who work in care should be paid more.
- Disagreement tends to be attributed to opposition to tax rises to fund the adult social care precept, suggestions to find more savings, criticism about the tax system in general.
- Other prominent themes (of many) include criticism of the tax system in general and how the Government should be provide more information about the future of adult social care. There was feedback to suggest that we could go further the adult social care precept could be raised higher than 1.00%.

14.8. 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.

## **15. Representatives of non-domestic rate payers**

15.1. 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 December 2021, a package of material including a summary of key issues relating to the 2022-23 Budget was circulated to representatives of the business sector via the Chambers of Commerce and the [Norwich Business Improvement District](#), with feedback and questions invited to [HaveYourSay@Norfolk.gov.uk](mailto:HaveYourSay@Norfolk.gov.uk). Representatives were provided with a

summary of the financial challenges facing the Council in 2022-23, and an overview of the proposals for budgets.

## **16. Capital programme**

- 16.1. A summary of the proposed Capital Programme is set out in the separate Capital Programme report elsewhere on this agenda. Where relevant the implications of capital proposals, including the required level of Minimum Revenue Provision (MRP) budget, have been reflected within the proposed Revenue Budget.

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

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

- 17.2. As a result, these duties require a professional judgement to be made by the Executive Director of Finance and Commercial Services as the officer ultimately responsible for the authority's finances. The Executive Director takes a view of the robustness of the Council's budget across the whole period covered by the Medium Term Financial Strategy and this is set out in full in the Statement on the Robustness of Estimates 2022-23 to 2025-26 ([Appendix 4](#)).

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

- The new savings proposals developed to date for 2022-23, alongside the £5m additional savings identified for Cabinet in January 2022, contribute to establishing a solid foundation for the development of a robust budget in future years, but a number of key risks remain.
- The current monitoring position for 2021-22 indicates a balanced position by the end of the financial year. This will allow £18m of one-off resources held as a contingency pressure to be released so that they would therefore become available to support the 2022-23 Budget.
- Initial forecasts from District Councils suggest that the council tax base and collection position has proven more resilient than previously forecast and has provided additional funding which has assisted in closing the 2022-23 gap.

- Having regard to the Local Government Finance Settlement and prospects for 2023-24 funding, the Executive Director of Finance and Commercial Services consider that while a balanced budget for 2022-23 can be set with an council tax increase of 2.99%, a more sustainable Medium Term Financial Strategy will require an increase in line with the maximum referendum threshold of 2% in core council tax, 1% Adult Social Care Precept (2022-23), and the deferred 1% increase in Adult Social Care precept, or material additional deliverable, recurrent savings for 2023-24.
- Significant risks therefore remain around the scale of the likely gap for 2023-24 and future years, subject to the level of one-off options required to balance the 2022-23 budget.
- The assessment of the robustness of the Budget remains highly sensitive to the detail of Government decisions about funding made at future Spending Reviews and Budgets and also the progress of Local Government Finance reforms.

17.4. In addition to the above, this judgement takes into account the fact that significant emerging pressures have been included in the final Budget proposals in February 2022 where they have been shown to be appropriate, but risks remain around a number of other areas:

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

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

17.6. Taking the above into account, the Executive Director of Finance and Commercial Services' current advice is also that the Council needs to develop the 2023-24 Budget in a way which offers flexibility to respond to changes in the wider environment and operating context. This includes an early and thorough process to identify deliverable recurrent savings for 2023-24. The

overall Budget position will need to be kept under review as budget planning progresses, informed by consideration of the adequacy of the overall General Fund balance, the need for a general contingency amount within the revenue budget, uncertainty about Government funding, and the further implications of Brexit, COVID-19, and the Council's wider value for money position. Due to the size of the budget gap, this is likely to necessitate a series of savings reports to Cabinet through the year, in order to ensure that a sufficient quantum of savings are delivered from the beginning of 2023-24.

17.7. As in previous years, the 2022-23 Budget has been prepared with reference to the [Financial Management Code](#) (the FM Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The FM Code provides guidance about the principles of good and sustainable financial management, and requires authorities to demonstrate that processes are in place which satisfy these principles. It identifies risks to financial sustainability and sets out details of a framework of assurance which reflects existing successful practices across the sector. In addition, the Code establishes explicit standards of financial management, and highlights that compliance with these is the collective responsibility of elected members, the chief finance officer and the wider Corporate Board.

17.8. The code builds on elements of other CIPFA codes and in particular has clear links with The Prudential Code for Capital Finance, the Treasury Management in the Public Sector Code of Practice and the Code of Practice on Local Authority Accounting in the United Kingdom. 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.

17.9. Details of how the Council considers it achieves compliance with the FM Code are set out in the table below.

**Table 35: Assessment of compliance with Financial Management Code**

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## Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Section  | Statement   | Summary of assessment of compliance   |
|----------|---|---|
| <b>1</b> | <b>The responsibilities of the Chief Finance Officer and Leadership Team</b>  |   |
| A        | The leadership team is able to demonstrate that the services provided by the authority provide value for money      | <p>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.</p> <p>A scheme of delegation has been imbedded into the monthly financial monitoring and annual budget setting process.</p> <p>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.<sup>19</sup> No issues have been identified as part of this exercise.</p>   |
| B        | The authority complies with the <i>CIPFA statement on the role of the Chief Finance Officer in local government</i> | 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 <sup>20</sup> .   |
| <b>2</b> | <b>Governance and financial management style</b>  |   |
| C        | The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.  | <p>The authority has a clear framework for governance and internal control.</p> <p>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<sup>21</sup> 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.</p> <p>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</p> |

<sup>19</sup> <https://www.norfolk.gov.uk/what-we-do-and-how-we-work/our-budget-and-council-tax/statement-of-accounts>

<sup>20</sup> <https://www.cipfa.org/policy-and-guidance/reports/the-role-of-the-chief-financial-officer-in-local-authorities>

<sup>21</sup> <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-2020-to-21.pdf>

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## Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Section | Statement   | Summary of assessment of compliance   |
|---------|---|---|
|         |   | 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 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 <i>Delivering Good Governance in Local Government: Framework</i> (2016). | <p>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).</p> <p>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.</p>   |
| E       | The financial management style of the authority supports financial sustainability.                                | <p>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.</p> <p>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.</p> <p>The wider financial management style of the authority supports financial sustainability in that reports taken to Cabinet have to consider and document the financial implications of any material decision taken.</p> <p>Cabinet regularly receive financial monitoring and forecasts.</p> <p>Managers are encouraged to enhance their financial literacy through a suite of online training and support from finance professionals.</p> |
| 3       | <b>Medium to long-term financial management</b>   |   |
| F       | The authority has carried out a credible and transparent financial resilience assessment.                         | <p>The Council underwent a Local Government Association Corporate Peer Review / Challenge in October 2019<sup>22</sup>, which included consideration of financial planning and viability. Findings included that the <i>"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."</i></p> <p>The authority undertakes an annual resilience review, as part of the budget setting process, including a sensitivity analysis.</p>  |

<sup>22</sup> [Plan to develop Peer Challenge Recommendations into Action Plan, \(Item 16\), Cabinet, 2 December 2019](#)

## Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Section  | Statement  | Summary of assessment of compliance   |
|----------|--|---|
| G        | The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.  | <p>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.</p> <p>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.</p> <p>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.</p> |
| H        | The authority complies with the CIPFA <i>Prudential Code for Capital Finance in Local Authorities</i>  | <p>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.</p> <p>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.</p>   |
| 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 risks and 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-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.   |
| <b>4</b> | <b>The annual budget</b>   |   |
| J        | The authority complies with its statutory obligations in respect of the budget setting process.  | <p>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.</p> <p>The proposals set out within this report will enable the Council to set a balanced budget for the forthcoming year.</p>   |
| 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. | <p>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.</p> <p>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.</p>  |
| <b>5</b> | <b>Stakeholder engagement and business cases</b>   |   |
| L        | The authority has engaged where appropriate with key   | The authority knows who the key stakeholders are and has processes in place to ensure they are engaged with throughout the year, and as   |

## Appendix 1: Norfolk County Council Revenue Budget 2022-23

| Section  | Statement   | Summary of assessment of compliance   |
|----------|---|---|
|          | stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.  | part of the annual budget setting process. The effectiveness of this engagement is kept under review to ensure improvements can be made where necessary.<br><br>Further details about the approach to engagement are provided within this report and <a href="#">Appendix 5</a>   |
| 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.<br><br>A 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.  |
| <b>6</b> | <b>Performance monitoring</b>   |   |
| 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 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.<br><br>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.  |
| <b>7</b> | <b>External financial reporting</b>   |   |
| 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.  |

| Section | Statement  | Summary of assessment of 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. |

## 18. Summary

- 18.1. The proposals set out within this report represent a prudent, robust Budget for 2022-23, which is aligned to the delivery of the Council's priorities as set out in its strategy. The Budget provides for identified cost pressures across all services in order to establish a foundation for the development of a balanced MTFS position. However, material risks and significant uncertainties remain for 2023-24 as described in the report, and an early and granular process will be required to support the preparation of a balanced 2023-24 position.

# Norfolk County Council

## Medium Term Financial Strategy 2022-26

### 1. Introduction

- 1.1. The Medium Term Financial Strategy (MTFS) 2022-26 replaces the Medium Term Financial Strategy 2021-25. The council faces continued uncertainty about the impact of COVID-19, longer 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. The Council's refreshed vision and strategy, *Better Together, For Norfolk* have informed the development of the MTFS. This builds on our previous plan and sharpens our focus for the next four years to support recovery and renewal.
- 1.3. The Council continues to deal with the service and financial implications of the COVID-19 pandemic. It remains to be seen precisely what the longer term impact of COVID-19 will be on local government cost pressures, but it is certainly likely to have a sustained impact on the Medium Term Financial Strategy going forward.
- 1.4. Despite the announcement of the four year spending review, following publication of a one year Local Government Finance Settlement for 2022-23, the financial implications for Local Government for the latter three years of the MTFS (2023-26) are largely unknown, and therefore remain subject to considerable change and uncertainty. Initial assessments show a particularly challenging financial landscape in 2023-24. the budget gap is materially higher than the gap closed for this year's Budget. Simultaneously, there is major uncertainty linked to Government's plans to reform local government funding during 2022 (for 2023-24) and linked to the delivery of the levelling up agenda.
- 1.5. A range of issues are at this stage unknown with the potential to have a material impact on the level of resources available to Norfolk County Council to deliver services in the future. It therefore remains the case that it will be critical to bring forward balanced, sustainable budget proposals which will enable the Council to continue to deliver the key services which are relied on by all Norfolk's people, businesses and visitors.
- 1.6. 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. 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.

- 1.7. 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, with increased spending on social care services mainly due to additional complexity of cases following the pandemic and hospital discharges, and an increased rate of referrals into Children's Services.
- 1.8. Alongside the ongoing impact from changes such as the National Living Wage and the new Health and Social Care Levy (a 1.25% National Insurance increase), 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.
- 2.2. Risks around COVID-19 and the budgetary impacts have been reported to Cabinet as part of financial monitoring through 2021-22 and are specifically set out within the budget reports presented to Cabinet in January 2022. COVID-19 continues to place a very significant strain on local authorities (and their budgets), and whilst it is particularly welcome that Government has now confirmed that unspent 2021-22 Containment Outbreak Management Fund (COMF) funding can be carried forward to 2022-23, it is of concern that no further funding has been announced for 2022-23.
- 2.3. The impact of COVID-19 encompasses both the immediate, short term effects (for example service delivery challenges and increased costs linked to the current high levels of infection), but also the longer term impact anticipated on both the underlying cost base, and levels of demand for many of the Council's services and represents a key area of risk.
- 2.4. Some of the main issues we faced before Covid-19 have been exacerbated including population changes, social, economic and health inequalities, rising demand for services and support, workforce challenges in key sectors such as the care market, and planned national living wage increases.
- 2.5. Whilst the country moves into a process of recovery, challenges arising from COVID-19 continue, and responding to this effectively and helping individuals, communities, and businesses to recover is critical. Data from the ONS shows that as of November 2021 (latest release 14/01/22) Gross Domestic Product (GDP) has, for the first time, risen by 0.7% above where it was pre pandemic

(February 2020) before the main impacts of Coronavirus pandemic were seen.<sup>23</sup>

## Government funding

- 2.6. During the previous multi-year settlement, in 2021-22, and in the current year 2022-23, 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.
- 2.7. 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”.
- 2.8. 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.
- 2.9. Settlement funding information is rarely provided in sufficient time for local authorities to meaningfully consider it and develop a response. The 2022-23 Provisional Settlement was announced 16 December 2021 (and for 2021-22, on 17 December 2020). This is hugely disappointing considering the Ministry’s previous acceptance of the recommendations of the Hudson Review<sup>24</sup> 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.
- 2.10. 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

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<sup>23</sup> [GDP monthly estimate, UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/gdp/monthly-estimate)

<sup>24</sup> [Local government finance: review of governance and processes - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/local-government-finance-review-of-governance-and-processes)

Wage, and the needs of vulnerable social care users becoming increasingly complex.

- 2.11. 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.

### **European Union withdrawal / Brexit**

- 2.12. 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, the most notable impacts have been workforce shortages within key sectors such as the care market. The Office for Budget Responsibility (OBR) set out the broad range of impacts being seen in the UK within their executive summary of the Economic and Fiscal Outlook October 2021<sup>25</sup> *"...supply bottlenecks have been exacerbated by changes in the migration and trading regimes following Brexit. Energy prices have soared, labour shortages have emerged in some occupations, and there have been blockages in some supply chains. These can be expected to hold back output growth in the coming quarters, while raising prices and putting pressure on wages."*

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

- 2.13. Until December 2020, there had been continuing uncertainty around the process and terms upon which the Britain would leave the EU.
- 2.14. 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.
- 2.15. 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 provided an opportunity to influence alternative future funding schemes to benefit our local area, and the Council has responded to a number of consultations on the UK Shared Prosperity Fund.
- 2.16. European funding in Norfolk has been spent on a variety of activity such as:

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<sup>25</sup> [Economic and fiscal outlook October 2021: Executive summary \(obr.uk\)](https://obr.uk/economic-fiscal-outlook-october-2021/)

- 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).

2.17. In the immediate period following the EU referendum, activity across the range of EU funded programmes available to Norfolk stalled, awaiting advice from central government on how to proceed. Some development time was lost as applicants waited for further news before taking the decision to apply for EU funds.

2.18. 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.

2.19. 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, and which has since been extended in Norfolk with the award of unspent funds from government. While our new £3M DRIVE (Delivering Rural Investment and Vital Employment) Programme provides capital grants of £55-£30k to businesses, it cannot help farms to diversify - as LEADER did - so we will seek to target the new Shared Prosperity Fund and other sources (see following paragraph) to address this issue.

2.20. The Government has pledged to replace EU funding with the Shared Prosperity Fund<sup>26</sup> (SPF) and, in the October 2021 Spending Review announced that total SPF allocated funding will be £2.6bn, with £0.4bn and £0.7bn allocated in 2022-23 and 2023-24 respectively, rising to £1.5bn in 2024-25.

2.21. When funding for a national adult numeracy programme ('Multiply'), set to be delivered across the Spending Review period to 2024-25 and funded

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<sup>26</sup> <https://researchbriefings.files.parliament.uk/documents/CBP-8527/CBP-8527.pdf>

through SPF, is taken into account, net SPF resource will be £0.21bn, £0.51bn and £1.31bn for the three years to 2024-25. Assuming an allocation of SPF of 1% to Norfolk in each financial year, total funding receipts for Norfolk-based programmes could be relatively modest:

- 2022-23: £2.140m
- 2023-24: £5.140m
- 2024-25: £13.140m

2.22. Of the £4.8bn Levelling Up Fund, which supports town centre and high street regeneration, local transport projects, and cultural and heritage assets, the Spending Review announced more evenly distributed funding in the Spending period to 2024-25 (between £0.9bn to £1.4bn per annum), representing assumed Norfolk allocations of up to £9m (2022-23) and £14m (2023-25) per year, at 1% of funds.

2.23. 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.

2.24. 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

2.25. At the time of preparing this Strategy in January 2022, the last major fiscal event was when the Chancellor of the Exchequer, Rishi Sunak, announced the Spending Review and Autumn Budget in October 2021.

2.26. The OBR have published an updated Economic and Fiscal Outlook<sup>27</sup> to set out forecasts for the UK's public finances alongside the Spending Review 2021. The OBR forecast indicated that the UK economy is now expected to grow by 6.5 per cent in 2021 (2.4 percentage points faster than predicted in March), which helps the budget deficit to almost halve to £183 billion in 2021-22 (£51 billion lower than March).

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<sup>27</sup> [Economic and fiscal outlook – October 2021 \(obr.uk\)](https://obr.uk/economic-fiscal-outlook-october-2021/)

- 2.27. Alongside the Autumn Budget and Spending Review<sup>28</sup>, in October 2021, the Government published an update to its preferred measure of illustrative core spending power, which suggests that Local Government's core spending power will increase by an average of 3% a year in real terms.
- 2.28. For Norfolk, almost half the increase in core spending power is driven by assumed council tax increases. The remainder largely represents additional funding via Social Care Grant £11.152m and a new (one-off) "Services Grant" £10.687. A further £2.8m relates to the Market Sustainability and Fair Cost of Care Fund, which is also included as a pressure as it is a new burden.
- 2.29. The spending review announced a net tax rise amounting to £16.7 billion a year by 2026-27, raised through the introduction of a health and social care levy of 1.25 per cent on employees, employers and the self-employed, which raises £18.2 billion by 2026-27. It is partially offset by tax cuts, mainly the freezing of fuel duty at a cost of £1.6 billion a year. Whilst this raises significant revenues nationally, it has led to an additional ongoing cost pressure for the authority of £2.790m.
- 2.30. The increase in national revenues raised will result in an increase in public spending amounting to £22.9 billion a year by 2026-27. Made up of a £25.0 billion increase in departmental resource spending and a £3.0 billion boost to universal credit, which is only partly offset by £6.7 billion saved by the temporary move from a triple to double lock for the state pension.
- 2.31. The Government has also published the [Build Back Better plan for health and social care](#)<sup>5</sup> including a £36bn funding commitment shared between both systems across the UK over three years starting in 2022-23. This represents £12bn per year for three years for Health and Care to be funded by 1.25% increases in National Insurance (which is ultimately to become a "Health and Care levy"), and dividend tax from April 2022.
- 2.32. The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. At a meeting on 15 December 2021, the MPC voted to increase the Bank rate by 0.15% to 0.25%<sup>29</sup>. Both investment earnings rates and new borrowing rates remain low by historical standards.
- 2.33. The twelve-month Consumer Price Inflation (CPI) has increased from 3.1% in September to 5.1% in November 2021 and 5.4% in December 2021<sup>30</sup>. It is expected to remain around 5% through the winter period, and to peak at around 6% in April 2022, due to the delayed impact on utility bills of developments in wholesale gas prices. CPI inflation is expected to fall back in the second half of next year. The level of commissioning undertaken by the

<sup>28</sup> [Autumn Budget and Spending Review 2021](#)

<sup>29</sup> [Monetary Policy Summary for the Monetary Policy Committee meeting on 15 December 2021 | Bank of England](#)

<sup>30</sup> <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/december2021>

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.

- 2.34. The Government implemented a National Living Wage (NLW) from 2016-17, starting at £7.20. In April 2022 it will be increased to £9.50. The exact level at which the National Living Wage will be set in future years has 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.

### 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 updated strategy [Better Together, for Norfolk](#). This Medium Term Financial Strategy has been developed to support this work to ensure that the council's gross budget of £1.5bn 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 914,050 in mid-2020<sup>31</sup> – an increase of around 6,300 on the previous year.
- 3.5. Over the last five years since mid-2015, Norfolk's population has increased by 3.3% (or around 29,300 people), compared with an increase of 3.2% in the East of England region and 3.2% in England.
- 3.6. Over the last five years since mid-2015, in terms of broad age groups, numbers of children and young people (aged 0-15) in the county increased by around 5,600 (increase of 3.8% compared with an increase of 4.3% nationally);

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<sup>31</sup> ONS mid-2020 population estimates

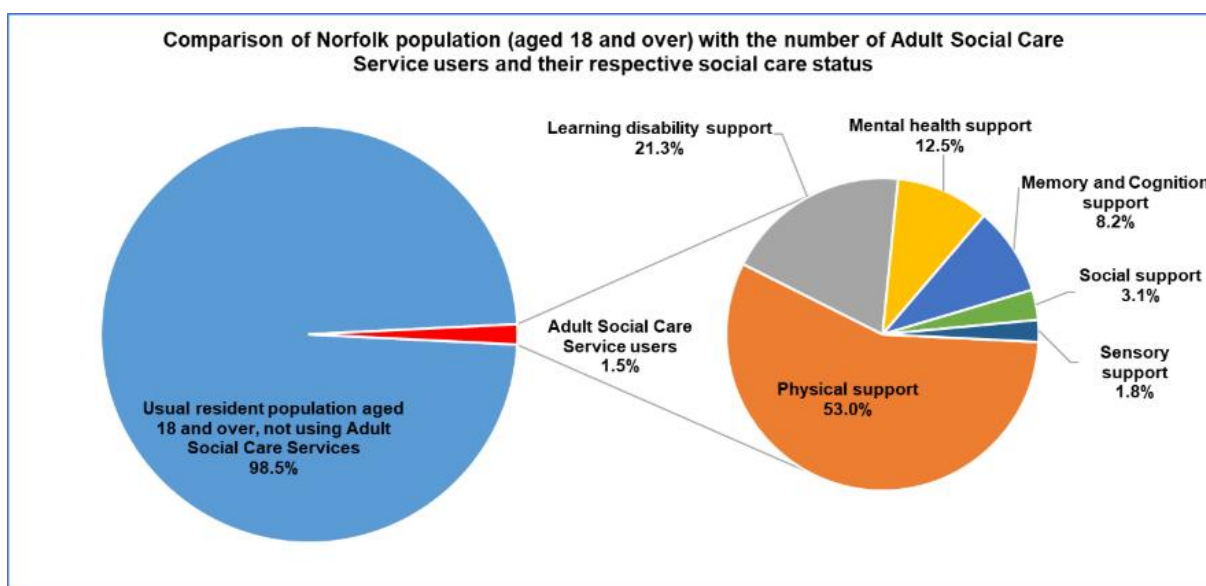
numbers of working age adults (aged 16-64) increased by around 7,400 (increase of 1.4% compared with an increase of 1.6% nationally); and numbers of older people (aged 65 and over) increased by around 16,200 (increase of 7.8% compared with an increase of 7.7% nationally).

- 3.7. The estimates for mid-2020 confirm that Norfolk's population has a much older age profile than England as a whole, with 24.7% of Norfolk's population aged 65 and over, compared with 18.5% in England.
- 3.8. The ONS 2018-based population projections are trend-based<sup>32</sup>, 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%.
- 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.

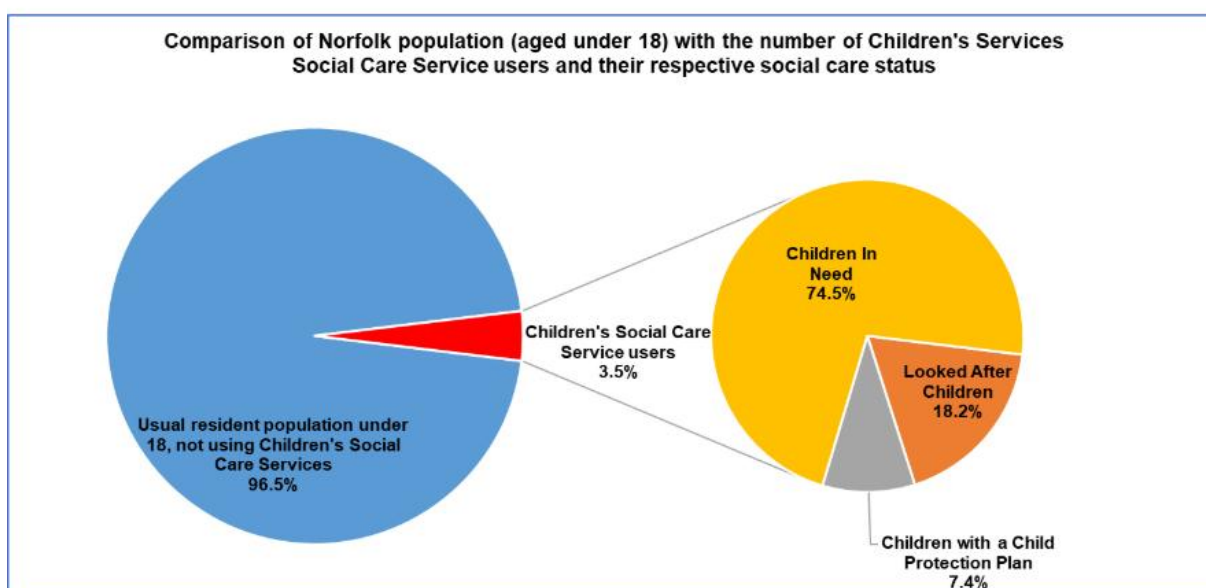
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<sup>32</sup> ONS 2018-based subnational population projections  
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**MTFS Chart 1: Adults demographic information**



**MTFS Chart 2: Children's demographic information**



Population data from mid-2020 ONS estimates; service data all 2020-21.

## 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 2021 social mobility commission report<sup>33</sup> highlighted problems in our rural and coastal areas with 18.4% of the population of Great Yarmouth classified as income deprived<sup>34</sup>.

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.

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 88<sup>th</sup> out of 151 upper tier local authorities, but is now ranked 84<sup>th</sup> (1 being the most deprived, 151 being the least deprived).
- There are approximately 135,900 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 workplace for long periods of time.

## Local Economy

<sup>33</sup> [State of the Nation 2020-21: Social Mobility in Great Britain \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

<sup>34</sup> [Exploring local income deprivation \(ons.gov.uk\)](https://ons.gov.uk)

- 3.17. The Council's work to drive economic growth is shaped by the New Anglia Local Enterprise Partnership (NALEP)'s Economic Strategy for Norfolk and Suffolk, which has been refreshed this year now that the impact of the pandemic is becoming clearer. The County Council is working closely with NALEP on the Implementation Plan for the Strategy, which includes a strong focus on securing future funding for the area.
- 3.18. Section 2.12 onwards provides more detail on the impact of the UK leaving the EU on the economy, as we move to support for economic growth coming from competitive UK-based funds, rather than seven-year EU funding programmes. However, our preparations for this significant transition are covered here:
- 3.19. In 2021 Government made available the Community Renewal Fund (CRF), to help local areas prepare for the introduction of the UK Shared Prosperity Fund (SPF) in 2022. Norfolk County Council (as the upper tier local authority, required by the Government's process), invited and appraised bids for pilot programmes and feasibility studies, producing a shortlist for Government. Norfolk received funding for 14 projects, valued at £6.55m - the joint highest number of approved projects of any area, the fourth highest amount of funding received in the UK, and 5.2% of all funding allocated in England. Five of the project applications were submitted by Norfolk County Council itself.
- 3.20. Building on the CRF success, and to further gear up for the introduction of SPF, Cabinet agreed to commission a Norfolk Investment Framework. Growth and Development is working with a wide range of stakeholders to identify countywide investment priorities – particularly those that will help Norfolk to 'build back better' after the pandemic and level the playing field for rural areas like ours. The Framework, which should be ready by April 2022, will allow us to target the full range of funds available with our locally agreed priorities.
- 3.21. Looking briefly at 2021-22 achievements, our programmes have continued to deliver strongly and to help businesses and people recover from the pandemic:
- The contract to build out the Operations & Maintenance (O&M) campus at Great Yarmouth is due to be awarded in early 2022, with the campus set to create 288,700 square foot of lettable space and up to 650 jobs.
  - Our €6.7m C-Care project, responding to Covid, secured funding to enable a further 800 businesses to do more business online, via our Go Digital Programme.
  - Our Employer Training Incentive Programme (ETIP), supporting businesses to train staff, committed £0.270m of funds, with over £0.168m paid out and 1,296 interventions funded.

- Additional funding was secured for the LEADER programme, which supports farms to diversify into new markets: 18 applications, with a combined ask of £1.079m have been received.
- Delivering Rural Investment for Vital Employment (DRIVE), which supports rural businesses, has funded 15 projects totalling £366k and 17 jobs are contracted to be created.
- To support green growth, the Low Carbon Innovation Fund 2 made 16 investments in 14 businesses in the wider region, valued at £3.5m. These levered £16m of private investment.

3.22. 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, any 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.

### **Adult Social Care: Care Market Workforce**

3.23. The high level data for 2020-21 from August 2021 estimated that there were 27,000 jobs in adult social care with a vacancy rate of 8.3% for Norfolk (circa 2,241 vacancies). Consistent with the national figures, the turnover rate of directly employed staff working in the adult social care sector in Norfolk and Suffolk was more than one third leavers over a year, with a significant proportion of staff turnover happening due to people leaving the sector soon after joining, as turnover was highest for those with less than one year of experience. Also, many of those that leave their roles remain within the sector, as on average 66% of recruitment is from within adult social care. Development Skills in Health and Social Care Programme, a £7.580m European Social Fund match funded project delivered by Norfolk and Suffolk County Councils, is being implemented, with a focus on training and enhancing the competencies of the health and social care workforce. The project is aiming to upskill the workforce and to ensure a better quality of care, whilst also contributing through a dedicated mentoring service to increased retention of care staff, which continues to remain a key to achieve a stable care market.

### **Environment**

3.24. 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 an Environmental Policy, aiming to achieve carbon neutrality/net zero by 2030.

- 3.25. The MTFS currently assumes that cost pressures and capital schemes detailed in the Environmental Policy are sufficient, however as set out in the report “Natural Norfolk: Progress on delivering the Environmental Policy” presented to Cabinet in November 2021, proposals to support the Council’s move towards decarbonisation will have financial implications for the County Council. Therefore, as far as possible, any cost pressures linked to environmental policy and carbon reduction activities are reflected in the Budget and Medium Term Financial Strategy presented to Cabinet in January 2022.

## 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<sup>35</sup> as the area 10<sup>th</sup> 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<sup>36</sup>. This would enable the council to be reimbursed for 100% of

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<sup>35</sup> [Norfolk Local Flood Risk Management Strategy](#)

<sup>36</sup> Bellwin Scheme thresholds published October 2017

<https://www.gov.uk/government/publications/bellwin-scheme-guidance-notes-for-claims>

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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 flooding events which affected large parts of Norfolk in late December 2020 and January 2021, Cabinet approved changes to the Local Flood Risk Management Strategy and agreed<sup>37</sup> 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 needed were and continue to be extensive. Flood investigations<sup>38</sup> into the 100+ properties that suffered internal flooding were completed and Flood Investigation Reports published during 2021. These reports identified areas where improvements should be made to reduce the future risk of surface water flooding.

## 4. Organisational factors

### Organisational structure and governance changes

- 4.1. The County Council is under Conservative control 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 also 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. The annual pay award and National Living Wage increases in 2022-23 for both the Council's directly employed staff and contracted services are an important cost driver. At the time of preparing the 2022-23 Budget, the 2021-22 pay award still remains unconfirmed, although employers have made a final offer of 1.75%. No announcements about negotiations for 2022-23 pay awards have been made, although there is likely to be significant upward pressure on pay given wider inflation rates. The Budget makes contingency provision for a pay award of up to 3% for all staff. The pay award remains subject to confirmation at this point.
- 4.3. 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

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<sup>37</sup> [Local Flood Risk Management Strategy Review, Agenda Item 11, Cabinet, 12 January 2021](#)

<sup>38</sup> [Flood investigations - Norfolk County Council](#)

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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 2022-23 (elsewhere on the agenda).

- 4.4. 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 2022-23.

### **The Norfolk and Waveney Integrated Care System (ICS) – formally the Norfolk and Waveney Health and Care Partnership**

- 4.5. Integrated care systems (ICSs) are partnerships that bring together providers and commissioners of NHS services across a geographical area with local authorities and other local partners to collectively plan health and care services to meet the needs of their population. The central aim of ICSs is to integrate care across different organisations and settings, joining up hospital and community-based services, physical and mental health, and health and social care. All parts of England are now covered by one of 42 ICSs

- 4.6. Norfolk is in one of four ICSs within the Eastern Region, and has agreed three key goals:

1. **To make sure that people can live as healthy a life as possible.** This means preventing avoidable illness and tackling the root causes of poor health. We know the health and wellbeing of people living in some parts of Norfolk and Waveney is significantly poorer – how healthy you are should not depend on where you live. This is something we must change.
2. **To make sure that you only have to tell your story once.** Too often people have to explain to different health and care professionals what has happened in their lives, why they need help, the health conditions they have and which medication they are on. Services have to work better together.
3. **To make Norfolk and Waveney the best place to work in health and care.** Having the best staff, and supporting them to work well together, will improve the working lives of our staff, and mean people get high quality, personalised and compassionate care

- 4.7. The Norfolk and Waveney ICS will be made up of several elements, including:

- Integrated Care Board
- Integrated Care Partnership
- Provider collaboratives
- Five health and care alliances
- Local health and wellbeing partnerships
- 17 Primary Care Networks

4.8. An ICS will have two named bodies, an **Integrated Care Board (ICB)** and **Integrated Care Partnership (ICP)**:

1. **Integrated Care Board (ICB)** will lead integration within and across the NHS to deliver healthcare, for example taking on health commissioning functions. The board will be the statutory legal entity during 2022-23 which will replace NHS Norfolk and Waveney Clinical Commissioning Group (CCG). This means there will now be one single body organising health services in Norfolk.
2. **Integrated Care Partnership (ICP)** will be responsible for agreeing an integrated care strategy for improving the health care, social care and public health across the whole population. The partnership is expected to be established locally and jointly by the relevant local authorities and the ICB.

4.9. The ICB is responsible for:

- Setting the overall vision, strategy and approving the business plan.
- Holding the executive to account for monitoring the performance of the body against core financial and operational objectives, and providing effective financial stewardship.
- Promoting effective dialogue between the ICB and other partners, including NHS England and Improvement, the ICP, providers, councils, representatives of local communities and people who use services.
- Putting in place effective arrangements for place-based working with partners. Ensuring that the ICB develops arrangements for effective clinical and care professional leadership.
- Creating an organisational culture that encourages and enables system working, building partnerships with people and communities and utilising feedback to improve services.
- Ensuring legal duties are discharged effectively and foster the development of policies, processes and initiatives that promote equality and address health inequalities.
- Ensuring workforce strategies are built on the commitments in the NHS People Plan and People Promise.
- Developing a compassionate and inclusive leadership model.
- Aligning the ICB assets to contribute to population health improvement as anchor institutions.

4.10. The ICP, is a statutory committee, not a statutory body like the ICB. It will be responsible for:

- Being a forum of equal partners, concerned with improving the care, health and wellbeing of all residents from babies and young people, working age adults and older people
- Producing an integrated care strategy reflecting the priorities of all partners, to improve health and care outcomes for which all partners will be accountable

- Playing a critical role in supporting place-based partnerships and coalitions with community partners to help people live more independent, healthier lives for longer
- Improving the wider determinants that drive inequalities including employment, housing, education, environment and reducing offending.

4.11. The Council's Cabinet at its meetings in [October 2020](#) and [September 2021](#) have agreed the Council's leadership role within the ICS.

4.12. Alongside the Council's budget position, wider NHS partners have identified an increasing and underlying recurrent deficit. The ICS has also developed principles for medium to long-term financial planning, that could be congruent with NCC's objective to support a sustainable health and care system, including:

- a) working transparently and sharing understanding of financial pressures
- b) working collaboratively to identify and deliver efficiency and productivity schemes, with no one party pursuing any scheme that may have a detrimental impact on another party without prior agreement
- c) engaging transparently and early in respect of emerging financial plans

4.13. Whilst there are significant opportunities presented by working together on resource allocation, there are also risks that will need to be mitigated. These risks apply to all individual organisations in an ICS. The Norfolk and Waveney Health and Care system is currently operating with a significant financial deficit. The aspiration continues to be work through the financial needs for the system as a whole and developing whole system solution. Critical to the approach will be the overall principle that the Council retains ultimate control and accountability for its budgets and would retain its ability to adjust resource across the county to meet need.

### Consultation with citizens and equality and rural impact assessments

4.14. The council has undertaken **public consultation** and produced **equality impact assessments** in relation to the 2022-23 Budget and MTFS proposals. Detailed information about the findings of these are included in the Revenue Budget paper ([Appendix 1](#)) and in [Appendix 5](#) and [Appendix 6](#).

### Resource plans, funding, service pressures and savings

4.15. The plans and assumptions in the Council's budget and Medium Term Financial Strategy have been reviewed as part of the preparation of the 2022-23 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 2022-23 and for future years, however the outlook for 2023-26 remains extremely challenging.

4.16. 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 2021-22 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 2022-23 Budget. This remains a key risk.

4.17. As set out elsewhere, the Provisional Settlement has provided clarity about funding levels for 2022-23 for local authorities. However, there remains very considerable uncertainty around the final three years of the Medium Term Financial Strategy (2023-26).

4.18. 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 2022-23 planning**

|   | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> | <b>2025-26</b> | <b>Total</b>   |
|---|----------------|----------------|----------------|----------------|----------------|
|   | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| Savings brought forward from 2021-22 MTFS | -2.245         | -1.600         | -2.500         | <b>0.000</b>   | <b>-6.345</b>  |
| Net new savings 2022-23                   | -26.189        | -7.559         | -5.700         | <b>0.000</b>   | <b>-39.448</b> |
| <b>Total savings</b>                      | <b>-28.434</b> | <b>-9.159</b>  | <b>-8.200</b>  | <b>0.000</b>   | <b>-45.793</b> |

### Implications of one-off funding allocations

4.19. 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

4.20. 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.

- 4.21. The Technical Support Team at the Society of County Treasurers have analysed reserves held across a number of authorities over five years (2016-17 to 2020-21 where data was available for all 5 years). Their analysis showed that unallocated (general) balances have remained relatively stable over the 5-year period. (SCT members tend to hold general reserves representing less of their Net Revenue Expenditure than other classes of authority – 2.8% in 16-17 rising to 3.4% in 20-21.
- 4.22. 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 2022-26 ([Appendix 3](#)).
- 4.23. 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

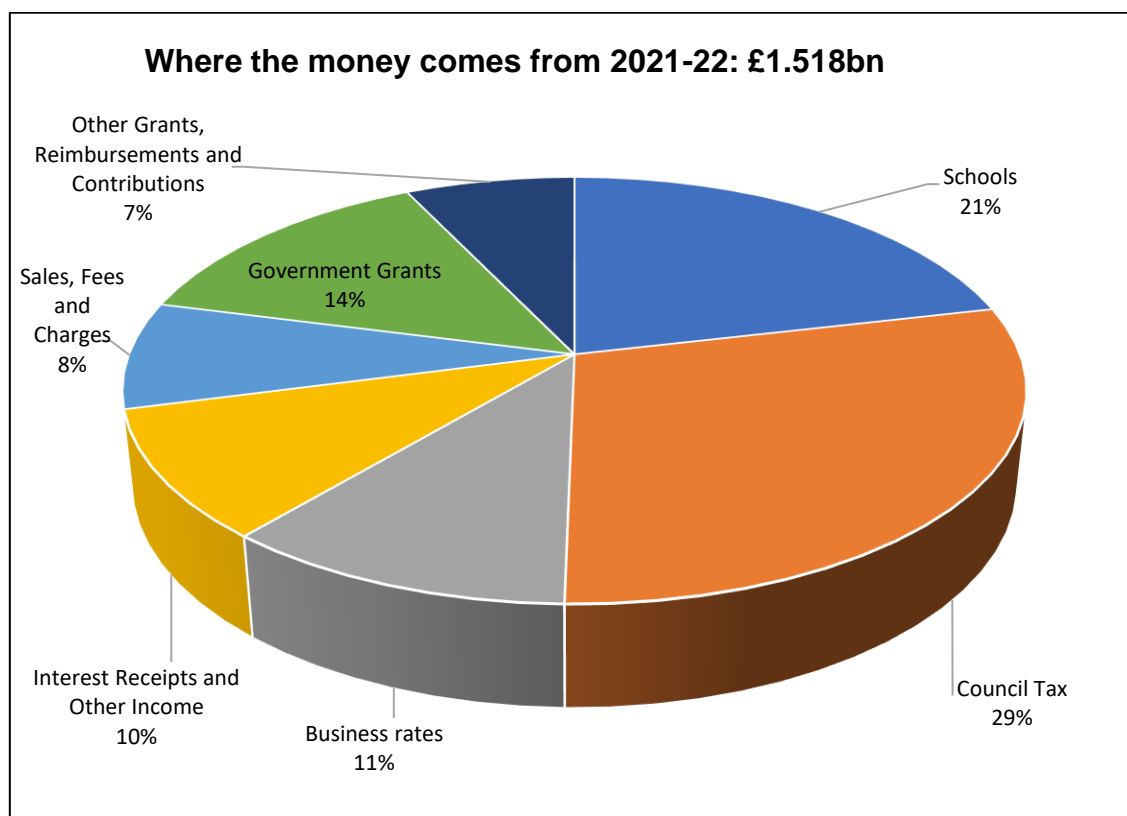
5.1. Local Government funding has three major components:

- 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 2021-22 is shown in the pie chart below.

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 2021-22



#### 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. 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. Risks to business rates income are considered to be higher due to the impact of COVID-19 and the level of uncertainty around continued Government support for businesses.

5.9. All local authorities in Norfolk have agreed to establish a Norfolk Business Rates Pool. The Pool allows Norfolk to retain additional business rates funding in the county through retaining levy payments which otherwise would have been paid over to central government.

5.10. In respect of the 2022-23 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 had previously stated that it was committed to increasing local share of business rates retention to 75%. However, recent comments<sup>39</sup> from the new Secretary of State for Levelling Up, Housing and Communities, the Rt Hon Michael Gove, have indicated a change in direction, highlighting the need to take stock of Covid on local authority finances before moving forward with reforms. The Secretary of State particularly cited a tension between the principle of levelling up, and moving to a system whereby 75% of business rates is retained, because this would fail to distribute money to those who need it most, particularly in the wake of covid, which has reinforced some inequalities.

5.12. A key issue for the County Council will be to ensure that reforms going forward 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,

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<sup>39</sup> <https://committees.parliament.uk/oralevidence/2980/html/>

the council's budget planning assumes that RSG is uplifted by 3.09% in 2022-23.

- 5.14. The table below shows Norfolk's assumed Settlement Funding Assessment, which reflects the actual 2021-22 funding allocations. There is currently no information about Settlement Funding beyond 2022-23 and the MTFS gap assumes this will be unchanged from the assumed 2022-23 allocations.

**MTFS Table 2: Settlement Funding Assessment**

|                               | 2021-22 (comparative) |        | 2022-23 (assumed) |        |
|-------------------------------|-----------------------|--------|-------------------|--------|
|                               | £m                    | %      | £m                | %      |
| Settlement Funding Assessment | 194.679               | 100.0% | 195.903           | 100.0% |
| <i>Received through:</i>      |                       |        |                   |        |
| Revenue Support Grant         | 39.660                | 20.4%  | 40.885            | 20.9%  |
| Baseline Funding Level        | 155.019               | 79.6%  | 155.019           | 79.1%  |
| <i>Via Top-Up</i>             | <i>127.897</i>        |        | <i>127.897</i>    |        |
| <i>Retained Rates</i>         | <i>27.122</i>         |        | <i>27.122</i>     |        |

**Specific government grants (14%) and schools funding (21%)**

- 5.15. The table below summarises the amount of specific grants due to be received in 2021-22, along with provisional figures for 2022-23. In most cases the allocations for the years beyond 2022-23 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

|   | 2021-22<br>Actual<br>(restated<br>comparative)<br>£m | 2022-23<br>Provisional<br>2.99% Council Tax<br>£m | 2022-23<br>Provisional<br>3.99% Council Tax<br>£m |
|---|--|---|---|
| Un-ringfenced                               | 267.744  | 297.332   | 297.332   |
| Ring-fenced (schools)                       | 733.243  | 745.054   | 745.054   |
| Ring-fenced (Public Health)                 | 41.107   | 41.107  | 41.107  |
| Emergency Coronavirus funding <sup>40</sup> | 27.574   | 0.000   | 0.000   |
| Council tax                                 | 439.094  | 464.325   | 468.824   |
| Local Business Rates                        | 27.122   | 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 continued to be ring-fenced grant in 2021-22 for public health services. The Government has not yet confirmed grant allocations for 2022-23 but amount allocated for 2021/22 reflects a reduction of 7.4% in cash terms when compared to 2015-16<sup>41</sup>. 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.

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. Since 2021-22 the Local Authority has received its DSG allocation 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.

<sup>40</sup> Including LCTS Grant and Local Tax Income Guarantee

<sup>41</sup> [Public Health Commissioning Intentions - Norfolk County Council](#)

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5.20. The Government has announced<sup>42</sup> DSG for 2022-23 totalling £711.193m<sup>43</sup> (2021-22 £699.469m).

5.21. Norfolk is currently carrying an outstanding Dedicated Schools Grant (DSG) deficit from previous financial years, with a forecast £54.324m cumulative deficit forecast for the end of 2021-22. On the basis of the accounting treatment introduced in 2020 by the Government:

- the DSG is a ring-fenced specific grant separate from the general funding of Local Authorities (LAs);
- 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.

5.22. **Pupil Premium Grant (PPG)**<sup>44</sup> – 2022-23 allocations have not yet been announced but funding rates for the pupil premium in the financial year 2021 to 2022 were as follows for 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 was £310 per pupil.

5.25. **High Needs Block**<sup>45</sup> (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 state special schools, independent schools, and Alternative Provision (AP), taking account of parental and student choice.

5.26. The Council submitted a disapplication request in respect of the Dedicated Schools Grant (DSG) for 2022-23 for 1% transfer in addition to the 0.5% transfer from the Schools Block (SB) to the High Needs Block (HNB) agreed by Schools Forum on 17 November 2021. The Council is awaiting

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<sup>42</sup> [Norfolk \(skillsfunding.service.gov.uk\)](https://www.skillsfunding.service.gov.uk)

<sup>43</sup> DSG total before Academy recoupment, after deductions for national non-domestic rates, and direct funding of high needs places by ESFA

<sup>44</sup> [Pupil premium: conditions of grant 2020 to 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/pupil-premium-conditions-of-grant-2020-to-2021)

<sup>45</sup> [High needs funding arrangements: 2021 to 2022 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/high-needs-funding-arrangements-2021-to-2022)

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notification from the Secretary of State as to whether the request has been accepted or declined.

- 5.27. 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**

- 5.28. **NHS funding (Better Care Fund<sup>46</sup>)** – 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.

- 5.29. **The national conditions (announced October 2021) for the BCF in 2021 to 2022 are:**

- **A jointly agreed plan between local health and social care commissioners, signed off by the Health and Wellbeing Board (HWB)**
- **NHS contribution to Adult Social Care to be maintained in line with the uplift to CCG minimum contributions**
- **Invest in NHS commissioned out of hospital services**
- **A plan for improving outcomes for people being discharged from hospital**

- 5.30. 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 ICS to agree the budget plans reflect priorities within the programme. In 2021/22 NCC led a joint review of the BCF with the CCG in Norfolk to shape a future BCF that further delivers local priorities; acts as a strengthened delivery arm of joint commissioning; and focus' strategy and funding on the most important priorities for integration. A new local set of principles for services in the BCF have also been agreed:

- a) **Funding services which move us towards meeting our local and national priorities**
- b) **Funding whole services through BCF, to better understand system impact**
- c) **Funding services which are meaningfully joint health and social care**

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<sup>46</sup> [2021 to 2022 Better Care Fund policy framework - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/policies/better-care-fund)

- 5.31. We presently await the 2022-23 planning guidance relating to the Better Care Fund (BCF) which should confirm the mandatory minimum contributions from Clinical Commissioning Groups (CCGs) towards the protection of Social Care.
- 5.32. 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<sup>47</sup> and set out the planning requirements<sup>48</sup>. Details for 2022-23 have not yet been confirmed.
- 5.33. **Social Care Grant** – The provisional Settlement confirmed a £636.4m national expansion of this grant, which when added to the sums continued from 2019-20 and 2020-21, takes the total fund to £2.346bn. This provides a further £11.152m for Norfolk, and brings our total grant for 2022-23 to £41.5m (2021-22 £30.342m). This grant is ringfenced towards helping to address cost pressures across both Adults and Children’s social care. Nationally, £556.4m of the additional funding has been distributed based on the adult social care relative needs formula and £80m has been used to “equalise” the impact of the distribution of the adult social care council tax precept in 2022-23. This methodology is favourable to Norfolk due to the comparatively lower tax base.
- 5.34. **Improved Better Care Fund (iBCF)** 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.
- 5.35. The provisional Settlement in December 2021 announced that the iBCF will be increased by £63m nationally, this will be an inflationary uplift on 2021-22 allocations in line with the September 2020 to September 2021 change in the Consumer Price Index (CPI). This means an increase in Norfolk’s **funding of £1.163m in 2022-23**. The Adult Social Care budget reflects the spending plans for the grant.
- 5.36. **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

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<sup>47</sup> [Better Care Fund policy framework 2021 to 2022- GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/policies/better-care-fund)

<sup>48</sup> [B0898-300921-Better-Care-Fund-Planning-Requirements.pdf \(england.nhs.uk\)](https://www.england.nhs.uk/wp-content/uploads/2020/09/b0898-300921-better-care-fund-planning-requirements.pdf)

Independent NHS Complaints Advocacy Service to local authorities) have not been announced for 2022-23 it is therefore assumed that this funding continues in 2022-23 and in future financial years, however if not received, a pressure of £0.599m will arise.

- 5.37. **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 2022-23. The past allocations have not been published until February and it is therefore assumed that this funding continues in 2022-23 and in future financial years, however if not received, a pressure of £1.379m will arise.
- 5.38. **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 2022-23 onwards but it is assumed that the funding continues. If the funding is not received a pressure of £0.345m will arise in Adult Social Care for this and future financial years.
- 5.39. **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. Allocations for 2022-23 have not been published and it is therefore assumed that this funding continues in 2022-23 and in future financial years, however if not received, a pressure of £0.248m will arise.
- 5.40. **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 allocations for 2022-23 will be funded through a £554m top slice of the Revenue Support Grant. 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. The new payments in 2022-23 will not attract any legacy payments, following Government confirmation in February 2021 that it did not intend to reintroduce legacy payments. There is one outstanding round of legacy payments of £221m from the 2019-20 allocation. In two-tier areas, the annual payment will continue to be split: 80% for shire districts and 20% for shire counties. It is unclear whether New Homes Bonus will continue after 2022-23, the Government consulted on the Future of the New Homes Bonus in

early 2021 but we are awaiting the outcome. Our NHB allocations have reduced by £0.5m in 2022-23 compared with 2021-22.

5.41. **Rural Services Delivery Grant** – Rural Services Delivery Grant (RSDG) recognises the extra costs of delivering services in rural areas. The provisional Settlement confirmed that 2021-22 allocations of Rural Services Delivery Grant will be rolled forward £85m nationally in 2022-23, given that inflation is currently over 5%, this equates to a real term year on year reduction in grant.

5.42. **One off Services Grant 2022-23** - This one-off Service Grant is proposed for the local government finance settlement 2022 to 2023 to provide funding to all tiers of local government in recognition of the vital services delivered at every level of local government and is worth £10.7m to Norfolk County Council.

### **COVID funding**

5.43. Throughout 2021-22 the Council has received one-off emergency funding in relation to the pandemic to meet the additional costs arising due to COVID-19. No further COVID-19 funding has been announced for 2022-23. The Government has now confirmed that COMF funding can be carried forward to 2022-23.

### **Council Tax (30%)**

5.44. 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.

5.45. 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.

5.46. In 2021-22 the Government included within the provisional Local Government Finance Settlement<sup>49</sup> (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. Members

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<sup>49</sup> [Provisional local government finance settlement 2021 to 2022: consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/provisional-local-government-finance-settlement-2021-to-2022)

chose to split the available 3% adult social care precept increase with 2% applied in 2021-22 and 1% in 2022-23.

5.47. For 2022-23 the Government announced a core council tax referendum principle of 2% and an additional 1% adult social care precept, which could be taken in addition to the deferred element of the 2021-22 amount (1%). Cabinet will recommend the level of council tax increase for 2022-23 to Full Council in February 2022 based on the options and recommendation set out in the Revenue Budget paper.

5.48. Current forecasts suggest that between 2016-17 and 2022-23, Norfolk will have experienced average growth in the tax base of 1.55% per year. However the increase in 2022-23 was lower at 1.38% and projected increases are significantly smaller at 1% for the duration of the current MTFS (2023-26) as shown in **Table 4** below.

**MTFS Table 4: Council Tax assumptions**

|   | <b>2022-23</b>                | <b>2023-24</b> | <b>2024-25</b> | <b>2025-26</b> |
|---|-------------------------------|----------------|----------------|----------------|
| Assumed increase in general council tax         | 1.99%                         | 1.99%          | 1.99%          | 1.99%          |
| Assumed increase in Adult Social Care precept   | 1.00%<br>or<br>2.00%          | 1.00%          | 1.00%          | 1.00%          |
| <b>Total assumed council tax increase</b>       | <b>2.99%<br/>or<br/>3.99%</b> | <b>2.99%</b>   | <b>2.99%</b>   | <b>2.99%</b>   |
| <b>Assumed Council Tax Base</b>                 | <b>304,825</b>                | <b>307,873</b> | <b>310,952</b> | <b>314,061</b> |
| <b>Assumed increase in Council Tax Base (%)</b> | <b>1.38%</b>                  | <b>1.00%</b>   | <b>1.00%</b>   | <b>1.00%</b>   |

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 indicative core spending power has risen from £606.3m in 2015-16 to £776.4m in 2022-23, an increase of £170.1m, however

almost all 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.*”<sup>50</sup>

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 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 2022-26 is to show a balanced four-year position. At present further savings or additional revenue funding need to be identified to meet the significant shortfall shown in the period 2023-24 to 2025-26 below:

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<sup>50</sup> *Spending Review and Autumn Statement 2015*, para 1.242, p59,  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/479749/52229\\_Blue\\_Book\\_P\\_U1865\\_Web\\_Accessible.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479749/52229_Blue_Book_P_U1865_Web_Accessible.pdf)  
\\norfolk.gov.uk\nccdfs1\Resources-TEAMS\Democratic Services\Committee  
Team\Committees\Cabinet\Agenda\2022\220131\2022 01 31 Revenue Budget and MTFs FINAL 20-  
01-2022.docx

**MTFS Table 5: Provisional medium term financial forecast budget shortfall (2.99%)**

|  | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> | <b>2025-26</b> |
|--|----------------|----------------|----------------|----------------|
|  | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| Additional cost pressures and forecast reduction in Government grant funding | 89.154         | 96.735         | 48.448         | 31.535         |
| Forecast council tax increase  | -25.231        | -18.667        | -17.335        | -20.113        |
| Identified saving proposals and funding increases                            | -63.924        | -18.149        | -8.200         | 0.000          |
| <b>Budget shortfall</b>  | <b>0.000</b>   | <b>59.920</b>  | <b>22.913</b>  | <b>11.422</b>  |

**MTFS Table 6: Provisional medium term financial forecast budget shortfall (3.99%)**

|  | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> | <b>2025-26</b> |
|--|----------------|----------------|----------------|----------------|
|  | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| Additional cost pressures and forecast reduction in Government grant funding | 93.653         | 87.737         | 52.948         | 31.535         |
| Forecast council tax increase  | -29.730        | -18.848        | -17.524        | -20.308        |
| Identified saving proposals and funding increases                            | -63.924        | -18.149        | -8.200         | 0.000          |
| <b>Budget shortfall</b>  | <b>0.000</b>   | <b>50.740</b>  | <b>27.224</b>  | <b>11.227</b>  |

6.2. The council's revenue budget plans deliver a balanced budget for 2022-23, but a significant shortfall remains in the subsequent years 2023-24 to 2024-25 (an **overall deficit in the Medium Term Financial Strategy of £94.255m (2.99%) or £89.191m (3.99%)**). The gap in 2023-26 is broadly similar to gaps forecast in previous years (2021-25 gap was £91.414m), however the profile of the gap, with a larger deficit in year two, is different. 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 2022-23
- uncertainty regarding previous one-off funding beyond 2022-23 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 (private funders pay same as councils inflating prices)
- 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 economy; supply bottlenecks have been exacerbated by changes in migration and trading regimes following Brexit
- workforce recruitment / retention and shortage of labour in key sectors
- inflation (including energy and fuel)
- 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. An assessment of our compliance with the Financial Management Code is included within [Appendix 1 Table 35](#).

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 7: Long term financial forecast budget position

|   | Medium Term Financial Strategy |               |               |               | Long Term Financial Outlook |               |               |               |               |               | Total           |
|---|--------------------------------|---------------|---------------|---------------|-----------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|
|   | 2022-23                        | 2023-24       | 2024-25       | 2025-26       | 2026-27                     | 2027-28       | 2028-29       | 2029-30       | 2030-31       | 2031-32       |                 |
|   | £m                             | £m            | £m            | £m            | £m                          | £m            | £m            | £m            | £m            | £m            | £m              |
| <b><u>Growth Pressures</u></b>                |                                |               |               |               |                             |               |               |               |               |               |                 |
| Economic and inflationary                     | 23.144                         | 21.123        | 21.817        | 21.817        | 22.448                      | 23.119        | 23.802        | 24.498        | 25.222        | 25.948        | <b>232.938</b>  |
| Legislative requirements                      | 15.559                         | 16.225        | 6.760         | -0.200        | 0.000                       | 0.000         | 0.000         | 0.000         | 0.000         | 0.000         | <b>38.344</b>   |
| Demand and demographic                        | 27.025                         | 21.270        | 17.050        | 11.650        | 11.000                      | 11.000        | 11.000        | 11.700        | 11.100        | 11.100        | <b>143.895</b>  |
| Policy decisions                              | -15.875                        | 36.234        | 2.821         | -1.732        | 0.124                       | 0.000         | 0.000         | 0.000         | 0.000         | 0.000         | <b>21.572</b>   |
| COVID-19 pressures                            | 0.000                          | 0.000         | 0.000         | 0.000         | 0.000                       | 0.000         | 0.000         | 0.000         | 0.000         | 0.000         | <b>0.000</b>    |
| Funding decreases                             | 34.649                         | 1.833         | 0.000         | 0.000         | 0.000                       | 0.000         | 0.000         | 0.000         | 0.000         | 0.000         | <b>36.482</b>   |
|   |                                |               |               |               |                             |               |               |               |               |               |                 |
| <b><u>Savings and funding increases</u></b>   |                                |               |               |               |                             |               |               |               |               |               |                 |
| Identified savings                            | -28.434                        | -9.159        | -8.200        | 0.000         | 0.000                       | 0.000         | 0.000         | 0.000         | 0.000         | 0.000         | <b>-45.793</b>  |
| Funding increases                             | -30.836                        | -8.940        | 0.000         | 0.000         | 0.000                       | 0.000         | 0.000         | 0.000         | 0.000         | 0.000         | <b>-39.776</b>  |
|   |                                |               |               |               |                             |               |               |               |               |               |                 |
| Council tax changes (2.99%)                   | -25.231                        | -18.667       | -17.335       | -20.113       | -15.665                     | -16.136       | -16.622       | -17.122       | -17.638       | -18.168       | <b>-182.697</b> |
|   |                                |               |               |               |                             |               |               |               |               |               |                 |
| <b>Forecast Gap (Surplus)/Deficit (2.99%)</b> | <b>0.000</b>                   | <b>59.920</b> | <b>22.913</b> | <b>11.422</b> | <b>17.908</b>               | <b>17.983</b> | <b>18.180</b> | <b>19.076</b> | <b>18.684</b> | <b>18.880</b> | <b>204.965</b>  |
|   |                                |               |               |               |                             |               |               |               |               |               |                 |
| 3.99% Policy decision                         | 4.499                          | -8.998        | 4.499         | 0.000         | 0.000                       | 0.000         | 0.000         | 0.000         | 0.000         | 0.000         | 0.000           |
| Council tax changes (3.99%)                   | -4.499                         | -0.181        | -0.188        | -0.196        | -0.102                      | -0.105        | -0.108        | -0.111        | -0.115        | -0.118        | -5.722          |
| <b>Forecast Gap (Surplus)/Deficit (3.99%)</b> | <b>0.000</b>                   | <b>50.740</b> | <b>27.224</b> | <b>11.227</b> | <b>17.806</b>               | <b>17.878</b> | <b>18.072</b> | <b>18.964</b> | <b>18.570</b> | <b>18.762</b> | <b>199.242</b>  |

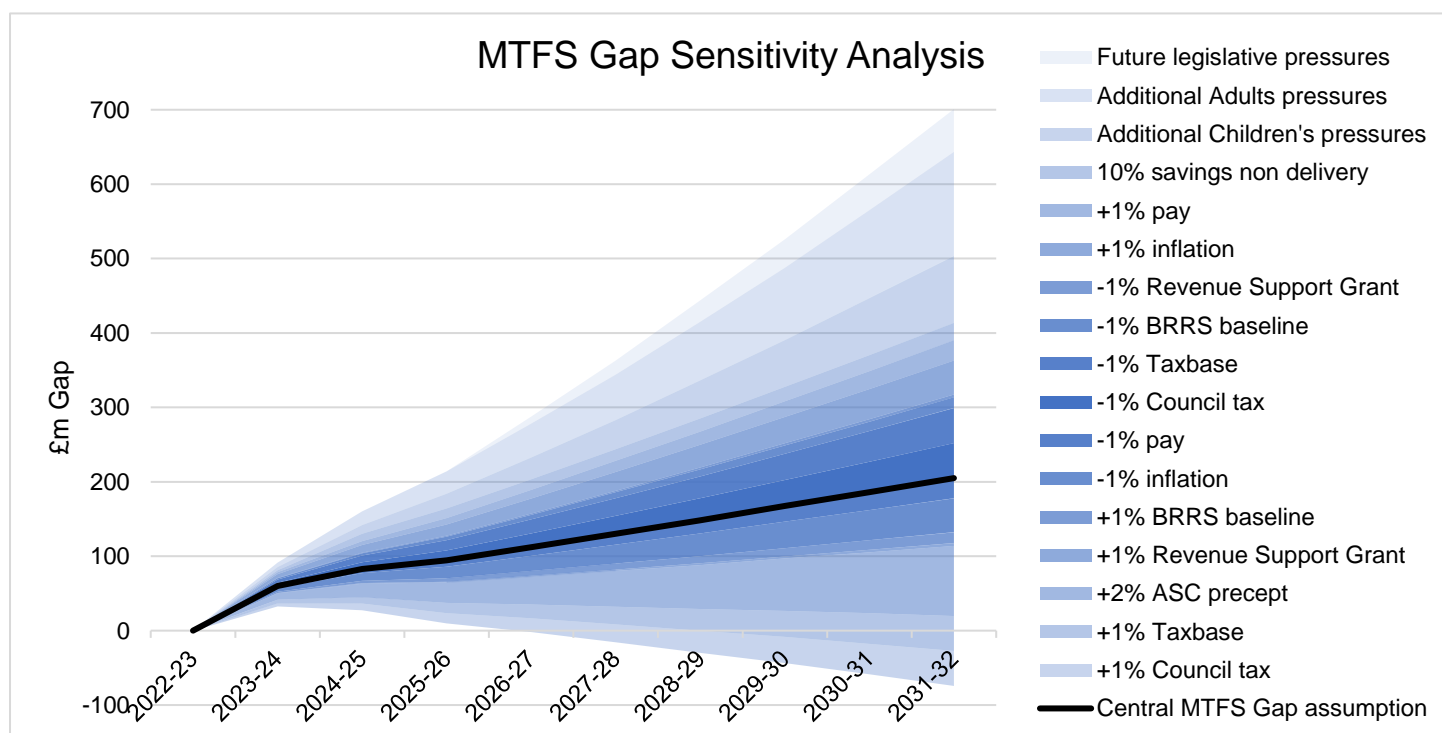
6.7. The long term outlook suggests a cumulative budget gap of around £200m by 2031-32, if no mitigating actions are taken. However, the level of this gap is highly sensitive to changes in assumptions and is ultimately likely to be materially different. In particular, the level of uncertainty within these forecasts inevitably increases for later years. The sensitivity of the budget in 2022-23 to changes in key assumptions is shown in the following table.

**MTFS Table 8: Assumption sensitivity 2023-24**

| Change in assumption          | £m        |
|-------------------------------|-----------|
| 10% savings non delivery      | +/- 2.843 |
| +/-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 7**. The graphic indicates that if all upside assumptions occurred, there would be no gap in 2031-32, 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

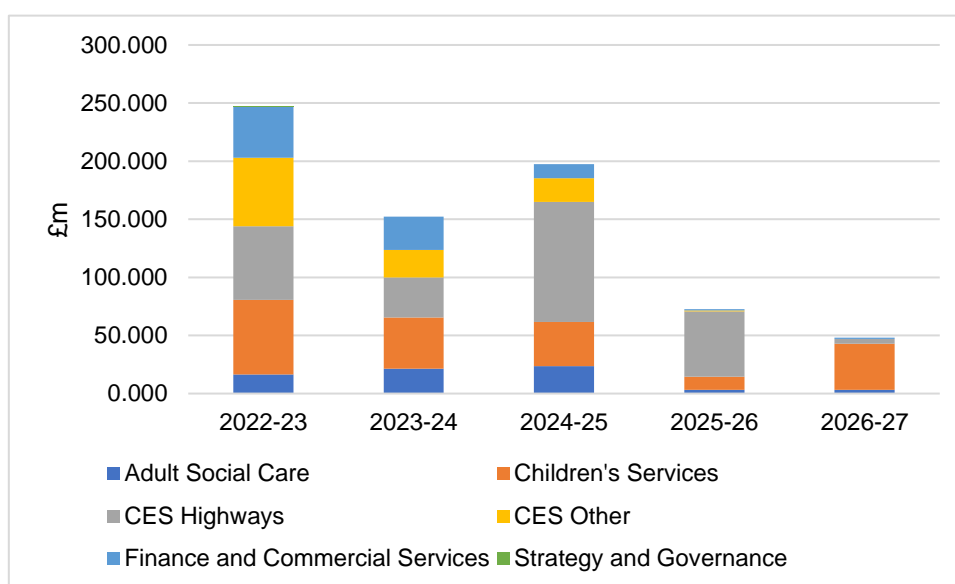
7.1. The Capital Strategy provides a framework for the allocation of resources to support the Council's objectives. The capital strategy is intended to:

- 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.

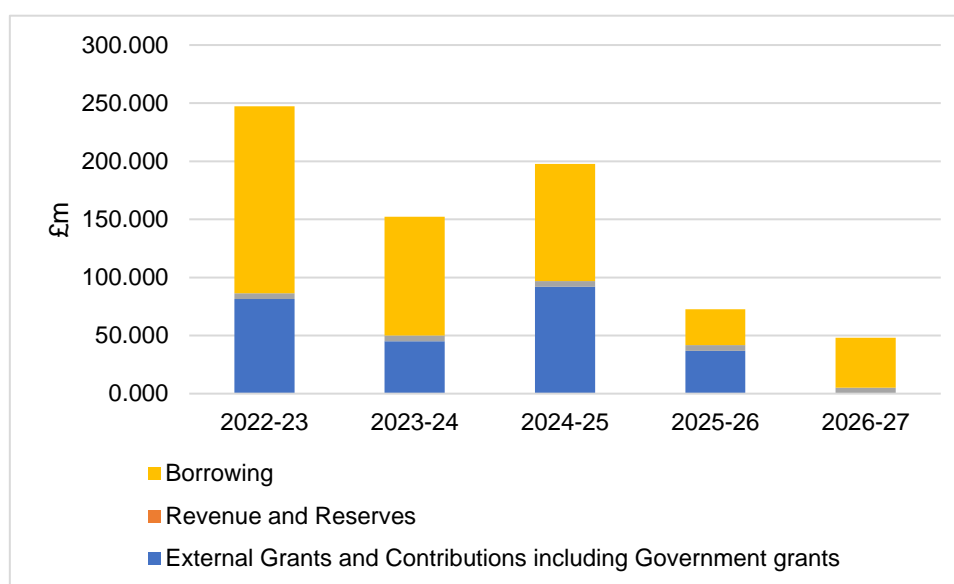
7.2. A proposed capital programme for 2022-27+ of £717.756m is included elsewhere on the agenda.

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

**MTFS Table 9: Capital Programme expenditure 2022-27+**



**MTFS Table 10: Capital Programme funding 2022-27+**



## 8. Summary

8.1. As in previous years, the Medium Term Financial Strategy sets out details of the high level national and local factors which are considered likely to impact on 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 2022-23 Budget decisions for the future years 2023-24 to 2025-26, and outlines the potential longer-term issues facing the Council, including funding reforms planned for 2023-24.

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 2023-24 is included within the 2022-23 Revenue Budget report.

8.3. The Medium Term Financial Strategy links closely with the CIPFA Financial Management Code implemented in 2021-22 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 forming a view of, understanding, and maintaining financial resilience in the medium to longer term. The Strategy is therefore aligned with the requirements of the Financial Management Code.

# Norfolk County Council

## Statement on the Adequacy of Provisions and Reserves 2022-23

### 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 increased to a minimum level of £23.268m.
- 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 2022-26.

### 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 2022 is £22.768m, prior to allowing for the revenue budget year end position. The County Council holds balances of 5.1% as a percentage of its net 2021-22 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 6.8%. In the medium term, the Council aspires to continue 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 2022-23 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 2022-23 and indicative minimum levels for planning purposes for 2023-24 to 2025-26.

**Reserves Table 1: Norfolk County Council general balances requirement**

| <b>2021-22<br/>(31/03/2022<br/>Forecast)</b> |   | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> | <b>2025-26</b> |
|--|---|----------------|----------------|----------------|----------------|
| <b>£m</b>                                    |   | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| 22.768                                       | Assessment of the level of General Balances | 23.268         | 24.018         | 25.018         | 26.018         |

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 2022-23 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 £22.768m.

If the level of general balances is reduced to below the minimum balance, currently £22.768m, 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 £22.768m for 2022-23. The projected actual level at 31 March 2022 is £22.768m, prior to allowing for the revenue budget year end position, which is currently forecasting a balanced position (period 8 as per the monitoring report to Cabinet 31 January 2021). Executive Directors are continuing to take action to secure achievement of a balanced outturn position for the year. The budget proposals for 2022-23 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 increased by £0.500m in 2022-23 followed by an increase of £0.750m in 2023-24 and £1.000m 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 key risks and assumptions – (section 4 of Appendix 1). The recommended general balance position for 2022-23 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

2021-22 to seek to ensure that as far as possible sufficient resources are available to meet COVID-19 pressures in 2022-23. 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 | <p>Key government policy and legislative changes will impact on the council's budget plans. Forecasts have been based on the latest information available but there is risk of variation and there is in particular greater risk in future years, where estimates cannot be based on firm government announcements. Key elements include:</p> <ul style="list-style-type: none"> <li>• <b>Government grant:</b> 2022-23 represents a one year funding allocation. Uncertainty about the outcomes of the Comprehensive Spending Review (CSR), Fair Funding Review (FFR), and Business Rates Retention Scheme (BRRS) means that the council faces a very significant level of uncertainty about funding levels from 2023-24.</li> <li>• <b>Business Rates:</b> 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 can result in significant volatility.</li> <li>• <b>Council tax base and collection fund:</b> Council funding is impacted if there is a reduction in the tax base or in the amount collected by the billing authorities. The budget is based on a forecast 1.00% increase in tax base in 2023-24, 2024-25 and 2025-26. The impact of Covid-19 on future tax base remains unknown and so represents a financial risk to budgeted income.</li> <li>• <b>NHS/Social Care Funding:</b> The improved Better Care Fund (iBCF) funding represents a mix of recurrent and one-off funding. Planning assumptions are based on funding of £39.617m announced in the provisional Settlement. The provisional Settlement confirmed that existing social care funding of</li> </ul> |

| Area of risk                                  | Explanation of risk  |
|---|--|
|   | <p>£30.342m plus additionally announced social care funding of £11.152m will also be provided in 2022-23. The MTFS assumes these will be ongoing, but outcomes of the CSR and FFR are awaited to determine whether this is correct.</p> <ul style="list-style-type: none"> <li>• <b>Pay:</b> The National Living Wage was introduced from 2016-17, starting at £7.20. The rate for 2022-23 has been confirmed as £9.50. Further details are provided in the Statement on the Robustness of Estimates.</li> </ul>   |
| 2) Inflation                                  | <p>Pay inflation has been assumed at 1.75% for 2021-22 and 3% for 2022-23 to 2025-26. The County Council is currently part of the national agreement and therefore pay awards for 2022-23 onwards will be determined by any agreements reached. 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. Budget growth has been awarded for the additional 1.25% Employers NI contributions from 2022-23.</p> <p>Price inflation has been included based on contractual need. There is a risk that inflation will be required during the planning period, even where there is no current contractual element. In addition, many contracts are negotiated post budget agreement and therefore forecast inflation levels may be different in practice.</p> <p>Inflation on fees and charges is set by NCC – a 2% increase has been assumed for 2022-23 and the following years. However, there is a risk that market forces may require this to be varied during the planning period.</p> |
| 3) Interest rates on borrowing and investment | <p>Budgeted interest earnings on investments are based on guaranteed fixed deposit returns, available instant liquidity rates and market forecasts provided by our Treasury Advisors. Current rates are at historically low levels but following the base rate increase in Dec 2021 interest rates are forecast to gradually increase over the next couple of years.</p> <p>The revenue cost of borrowing is based on the rates of interest payable on the council's existing debt and assumptions in respect of capital expenditure to be funded from borrowing which has yet to be borrowed.</p>   |
| 4) Government funding                         | <p>The provisional Settlement provided only indications for one year of funding allocations in 2022-23, 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 2023-24. A number of issues may also impact on future funding levels:</p> <ul style="list-style-type: none"> <li>• The effect of Covid-19 on public finances.</li> </ul>  |

| Area of risk                                  | Explanation of risk  |
|---|--|
|   | <ul style="list-style-type: none"> <li>• 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.</li> <li>• The operation of the business rates retention scheme and increased risks to business rates income.</li> <li>• On occasion general issues arise on funding which place the council at risk of clawback.</li> <li>• 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.</li> </ul>   |
| 5) Employee related risks                     | Staffing implications of budget planning proposals have been evaluated and reflected within the financial plans, including the cost of redundancy. However, variations could occur as detailed implementation plans are developed.   |
| 6) Volume and demand changes                  | <p>Many of our largest budgets are demand led and these present long standing areas of risk. Forecasts for social care are based on current outturn predictions and applied to population forecasts. Costs could vary if the population varies, or if the proportion of people either requiring or eligible for care is different to the forecast.</p> <p>Budgets for children looked after and support for vulnerable children take into account the County Council's strategy for minimising the number of children in care. Financial risks include delivery of the strategy and external factors that can lead to an increase in the number of children looked after and/or the complexity of need due to societal changes.</p> <p>Waste forecasts are based on the latest available information. If tonnage levels increase, this will lead to an increased pressure.</p> |
| 7) Budget savings                             | <p>The Medium Term Financial Strategy includes £45.793m budget savings to be delivered across four years. A full assessment of all proposals has tested the robustness of each saving to minimise the financial risk, however a risk remains that the programme is delivered at a slower rate, or that some savings are not achievable at the planned level.</p> <p>In addition, further savings need to be identified to close the £89.191m-£94.255m funding shortfall between 2023-24 and 2025-26.</p>   |
| 8) Insurance and emergency planning provision | <p>Unforeseen events and natural disasters can increase the level of insurance claims faced by the council.</p> <p>The council's insurance arrangements, including actuarial review of the fund, additional provisions for unforeseen and unreported claims, service risk management and emergency planning procedures minimise this risk.</p>   |

**Appendix 3: Norfolk County Council Statement on the Adequacy of Provisions and Reserves  
2022-26**

| Area of risk                             | Explanation of risk  |
|--|--|
| 9) Energy, security and resilience       | <p>Resilience risks include:</p> <ul style="list-style-type: none"> <li>• Were a disaster to occur, we must have a reserve in place to pick up the costs that will fall to the council.</li> <li>• Norfolk includes flood risk areas and emergency procedures are in place to manage this.</li> <li>• Resilience of IMT can create a risk that might have financial implications for the council.</li> </ul> |
| 10) Financial guarantees /legal exposure | <p>Certain contracts contain obligations that, if not fulfilled, would attract a penalty.<br/>The Council has PFI Schemes for street lighting and schools. However, there is no risk to the financing of these schemes at present.</p>   |

### Appendix 3: Norfolk County Council Statement on the Adequacy of Provisions and Reserves 2022-26

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                             | 2022-23                  |            |              | 2023-24                  |            |              | 2024-25                  |            |              | 2025-26                  |            |              |
|--|--------------------------|------------|--------------|--------------------------|------------|--------------|--------------------------|------------|--------------|--------------------------|------------|--------------|
|  | Budget                   | Risk Level | Value        | Budget                   | Risk Level | Value        | Budget                   | Risk Level | Value        | Budget                   | Risk Level | Value        |
|  | £m                       | %          | £m           | £m                       | %          | £m           | £m                       | %          | £m           | £m                       | %          | £m           |
| <b>Legislative Changes</b>               |                          |            |              |                          |            |              |                          |            |              |                          |            |              |
| Government Grant (RSG)                   | 40.885                   | 0.00%      | 0.000        | 40.885                   | 0.25%      | 0.102        | 40.885                   | 0.50%      | 0.204        | 40.885                   | 0.75%      | 0.307        |
| Business Rates                           | 167.756                  | 0.50%      | 0.839        | 167.756                  | 0.50%      | 0.839        | 167.756                  | 0.50%      | 0.839        | 167.756                  | 0.75%      | 1.258        |
| Council Tax Variation to Base/Collection | 464.325 / 468.824        |            | 1.250        | 482.992 / 487.672        |            | 1.400        | 500.328 / 505.196        |            | 1.550        | 520.440 / 525.504        |            | 1.700        |
| NHS/Social Care Funding                  | 108.737                  | 0.00%      | 0.000        | 108.737                  | 1.00%      | 1.087        | 108.737                  | 1.00%      | 1.087        | 108.737                  | 1.00%      | 1.087        |
| Apprenticeship Levy                      | 0.946                    | 1.00%      | 0.009        | 0.946                    | 1.00%      | 0.009        | 0.946                    | 1.00%      | 0.009        | 0.946                    | 1.00%      | 0.009        |
| Landfill Tax - waste recycling (price)   | 26.508                   | 0.50%      | 0.133        | 29.589                   | 0.50%      | 0.148        | 33.078                   | 0.50%      | 0.165        | 33.739                   | 1.00%      | 0.337        |
|  | <b>809.157 / 813.656</b> |            | <b>2.231</b> | <b>830.905 / 835.585</b> |            | <b>3.586</b> | <b>851.730 / 856.598</b> |            | <b>3.855</b> | <b>872.503 / 877.567</b> |            | <b>4.699</b> |
| <b>Inflation</b>                         |                          |            |              |                          |            |              |                          |            |              |                          |            |              |
| Employees                                | 321.754                  | 0.50%      | 1.602        | 330.521                  | 0.50%      | 1.667        | 339.534                  | 0.50%      | 1.691        | 349.720                  | 0.50%      | 1.731        |
| Premises                                 | 17.522                   | 0.50%      | 0.087        | 18.278                   | 0.50%      | 0.091        | 19.094                   | 0.50%      | 0.095        | 19.476                   | 0.50%      | 0.096        |
| Transport                                | 68.319                   | 0.50%      | 0.340        | 69.494                   | 0.50%      | 0.347        | 70.809                   | 0.50%      | 0.354        | 72.225                   | 0.50%      | 0.358        |
| Supplies and Services                    | 123.542                  | 0.50%      | 0.615        | 136.440                  | 0.50%      | 0.682        | 135.915                  | 0.50%      | 0.680        | 138.633                  | 0.50%      | 0.687        |
| Agency and Contracted                    | 486.873                  | 0.50%      | 2.424        | 498.840                  | 0.50%      | 2.494        | 512.430                  | 0.50%      | 2.562        | 522.679                  | 0.50%      | 2.613        |
| Income (Fees and charges)                | 121.571                  | 0.50%      | 0.605        | 123.528                  | 0.50%      | 0.618        | 125.458                  | 0.50%      | 0.627        | 127.967                  | 0.50%      | 0.640        |
|  | <b>1,139.580</b>         |            | <b>5.674</b> | <b>1,177.100</b>         |            | <b>5.900</b> | <b>1,203.239</b>         |            | <b>6.009</b> | <b>1,230.699</b>         |            | <b>6.125</b> |
| <b>Interest Rates</b>                    |                          |            |              |                          |            |              |                          |            |              |                          |            |              |
| Borrowing                                | 32.396                   | 0.25%      | 0.081        | 35.298                   | 0.25%      | 0.088        | 35.298                   | 0.50%      | 0.176        | 35.298                   | 1.00%      | 0.353        |
| Investment                               | 0.581                    | 0.25%      | 0.001        | 0.581                    | 0.25%      | 0.001        | 0.581                    | 0.50%      | 0.003        | 0.581                    | 1.00%      | 0.006        |
|  | <b>32.977</b>            |            | <b>0.082</b> | <b>35.879</b>            |            | <b>0.090</b> | <b>35.879</b>            |            | <b>0.179</b> | <b>35.879</b>            |            | <b>0.359</b> |
| <b>Grants</b>                            |                          |            |              |                          |            |              |                          |            |              |                          |            |              |
| Public Health Grant funding              | 40.630                   | 0.00%      | 0.000        | 40.630                   | 0.25%      | 0.102        | 40.630                   | 0.25%      | 0.102        | 40.630                   | 1.00%      | 0.406        |
| Other General Fund Grants                | 23.897                   | 0.25%      | 0.060        | 11.377                   | 0.25%      | 0.028        | 11.377                   | 0.25%      | 0.028        | 11.377                   | 0.50%      | 0.057        |
|  | <b>64.527</b>            |            | <b>0.060</b> | <b>52.007</b>            |            | <b>0.130</b> | <b>52.007</b>            |            | <b>0.130</b> | <b>52.007</b>            |            | <b>0.463</b> |

Appendix 3: Norfolk County Council Statement on the Adequacy of Provisions and Reserves 2022-26

| Area of Risk   | 2022-23          |            |               | 2023-24          |            |               | 2024-25          |            |               | 2025-26          |            |               |
|--|------------------|------------|---------------|------------------|------------|---------------|------------------|------------|---------------|------------------|------------|---------------|
|  | Budget           | Risk Level | Value         | Budget           | Risk Level | Value         | Budget           | Risk Level | Value         | Budget           | Risk Level | Value         |
|  | £m               | %          | £m            | £m               | %          | £m            | £m               | %          | £m            | £m               | %          | £m            |
| <b>Employee Related Risks</b>  |                  |            |               |                  |            |               |                  |            |               |                  |            |               |
| Pensions actuarial valuation   | 15.959           | 0.00%      | 0.000         | 17.606           | 2.50%      | 0.440         | 18.152           | 5.00%      | 0.908         | 18.515           | 5.00%      | 0.926         |
|  | <b>15.959</b>    |            | <b>0.000</b>  | <b>17.606</b>    |            | <b>0.440</b>  | <b>18.152</b>    |            | <b>0.908</b>  | <b>18.515</b>    |            | <b>0.926</b>  |
| <b>Volume / Demand Changes</b>   |                  |            |               |                  |            |               |                  |            |               |                  |            |               |
| Covid-19 pressures   | 0.000            |            | 0.500         | 0.000            |            | 0.500         | 0.000            |            | 0.500         | 0.000            |            | 0.500         |
| Customer and Client Receipts   | 121.571          | 0.75%      | 0.912         | 123.528          | 0.75%      | 0.926         | 125.458          | 0.75%      | 0.941         | 127.967          | 0.75%      | 0.960         |
| Demand Led Budgets (Adult Social Care third party and transfer payments)   | 376.358          | 1.00%      | 3.764         | 382.396          | 1.00%      | 3.824         | 390.369          | 1.00%      | 3.904         | 398.177          | 1.00%      | 3.982         |
| Demand Led Budgets (Children's Services third party and transfer payments) | 69.474           | 1.00%      | 0.695         | 70.355           | 1.00%      | 0.704         | 71.754           | 1.00%      | 0.718         | 73.189           | 1.00%      | 0.732         |
| Winter Pressures   | 3.261            | 10.00%     | 0.326         | 3.302            | 10.00%     | 0.330         | 3.344            | 10.00%     | 0.334         | 3.411            | 10.00%     | 0.341         |
| Landfill Tax - waste recycling (volume)                                    | 26.508           | 1.00%      | 0.265         | 29.589           | 1.00%      | 0.296         | 33.078           | 1.00%      | 0.331         | 33.739           | 1.00%      | 0.337         |
| Public Health third party spend  | 37.674           | 1.00%      | 0.377         | 35.415           | 1.00%      | 0.354         | 34.333           | 1.00%      | 0.343         | 34.333           | 1.00%      | 0.343         |
| Social care and Better Care Fund Spend                                     | 108.737          | 1.00%      | 1.087         | 108.737          | 1.00%      | 1.087         | 108.737          | 1.00%      | 1.087         | 108.737          | 1.00%      | 1.087         |
|  | <b>743.583</b>   |            | <b>7.925</b>  | <b>753.322</b>   |            | <b>8.022</b>  | <b>767.073</b>   |            | <b>8.158</b>  | <b>779.554</b>   |            | <b>8.283</b>  |
| <b>Budget Savings</b>  |                  |            |               |                  |            |               |                  |            |               |                  |            |               |
| Budget Reductions  | 28.434           | 7.50%      | 2.133         | 9.159            | 7.50%      | 0.687         | 8.200            | 7.50%      | 0.615         | 0.000            | 7.50%      | 0.000         |
|  | <b>28.434</b>    |            | <b>2.133</b>  | <b>9.159</b>     |            | <b>0.687</b>  | <b>8.200</b>     |            | <b>0.615</b>  | <b>0.000</b>     |            | <b>0.000</b>  |
| <b>Insurance/Public Liability Third Party Claims</b>                       |                  |            |               |                  |            |               |                  |            |               |                  |            |               |
| 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         |
|  | <b>1,163.554</b> |            | <b>5.164</b>  | <b>1,163.554</b> |            | <b>5.164</b>  | <b>1,163.554</b> |            | <b>5.164</b>  | <b>1,163.554</b> |            | <b>5.164</b>  |
| <b>TOTAL</b>   |                  |            | <b>23.268</b> |                  |            | <b>24.018</b> |                  |            | <b>25.018</b> |                  |            | <b>26.018</b> |

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- 5.4. The required level of general balances is therefore identified as £23.268m in 2022-23, rising to £26.018m by 2025-26. 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 2022 of £22.768m, prior to allowing for the revenue budget end of year position, which is currently forecasting a balanced position for 2021-22.
- 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, the increased levels of risk relating to council tax base assumptions and uncertainty about government funding allocations, which add £1.176m to the assessed balance required by 2025-26. 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 2022-23 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 has been transferred 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 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 in the next financial year.

**Reserves Table 4: Summary of Earmarked Reserves and Provisions 2021-26**

| <b>Department</b>                          | <b>Balance<br/>at<br/>31/03/21<br/>£m</b> | <b>Forecast<br/>at<br/>31/03/22<br/>£m</b> | <b>Forecast<br/>at<br/>31/03/23<br/>£m</b> | <b>Forecast<br/>at<br/>31/03/24<br/>£m</b> | <b>Forecast<br/>at<br/>31/03/25<br/>£m</b> | <b>Forecast<br/>at<br/>31/03/26<br/>£m</b> |
|--|---|--|--|--|--|--|
| Adult Social Services                      | 38.611                                    | 27.171                                     | 8.077                                      | 4.370                                      | 3.644                                      | 3.644                                      |
| Children's Services                        | 12.638                                    | 3.880                                      | 1.563                                      | 0.598                                      | 0.623                                      | 0.373                                      |
| Community and<br>Environmental Services    | 54.223                                    | 52.069                                     | 44.662                                     | 37.911                                     | 33.702                                     | 33.702                                     |
| Strategy and<br>Transformation Directorate | 1.892                                     | 1.741                                      | 1.505                                      | 1.505                                      | 1.505                                      | 1.505                                      |
| Governance Department                      | 2.119                                     | 0.972                                      | 1.152                                      | 1.467                                      | 1.792                                      | 0.845                                      |
| Finance and Commercial<br>Services         | 4.628                                     | 2.559                                      | 1.851                                      | 1.661                                      | 1.671                                      | 1.671                                      |
| Finance General                            | 26.242                                    | 37.287                                     | 17.970                                     | 17.970                                     | 17.970                                     | 17.970                                     |
| <b>Total (excluding schools)</b>           | <b>140.353</b>                            | <b>125.680</b>                             | <b>76.780</b>                              | <b>65.482</b>                              | <b>60.907</b>                              | <b>59.710</b>                              |
| Reserves for capital use                   | 1.000                                     | 1.000                                      | 1.000                                      | 1.000                                      | 1.000                                      | 1.000                                      |
| Schools                                    | 4.737                                     | 4.637                                      | 4.994                                      | 5.173                                      | 5.067                                      | 5.067                                      |
| School - LMS                               | 17.018                                    | 14.671                                     | 11.912                                     | 3.869                                      | 3.869                                      | 3.869                                      |
| DSG Reserve                                | -31.797                                   | -54.324                                    | -72.248                                    | -95.389                                    | -122.920                                   | -154.706                                   |

Reserves Table 5: Detailed table of Reserves and Provisions 2021-26

| Title and purpose of Reserve / Provision   | Planned future use  | Opening Balances<br>31/03/2021<br>£m | Forecast Balances<br>31/03/2022<br>£m | Forecast Balances<br>31/03/2023<br>£m | Forecast Balances<br>31/03/2024<br>£m | Forecast Balances<br>31/03/2025<br>£m | Forecast Balances<br>31/03/2026<br>£m |
|--|---|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| <b>Earmarked Reserves</b>  |   |                                      |                                       |                                       |                                       |                                       |                                       |
| <b>All Services</b>  |   |                                      |                                       |                                       |                                       |                                       |                                       |
| <b>Building Maintenance:</b> 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 2021-22.  | 0.469                                | 0.000                                 | 0.000                                 | 0.000                                 | 0.000                                 | 0.000                                 |
| <b>Information Technology:</b> 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.   | 3.372                                | 2.533                                 | 1.685                                 | 1.338                                 | 1.338                                 | 1.338                                 |
| <b>Repairs and Renewals:</b> 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. | 4.574                                | 4.530                                 | 3.279                                 | 2.970                                 | 2.838                                 | 2.838                                 |
| <b>Unspent Grants and Contributions:</b> 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.   | 31.303                               | 28.667                                | 17.473                                | 11.313                                | 8.988                                 | 8.988                                 |
|  |   | <b>39.718</b>                        | <b>35.730</b>                         | <b>22.436</b>                         | <b>15.622</b>                         | <b>13.164</b>                         | <b>13.164</b>                         |

Appendix 3: Norfolk County Council Statement on the Adequacy of Provisions and Reserves 2022-26

| Title and purpose of Reserve / Provision  | Planned future use  | Opening Balances<br>31/03/2021 | Forecast Balances<br>31/03/2022 | Forecast Balances<br>31/03/2023 | Forecast Balances<br>31/03/2024 | Forecast Balances<br>31/03/2025 | Forecast Balances<br>31/03/2026 |
|---|---|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|   |   | £m                             | £m                              | £m                              | £m                              | £m                              | £m                              |
| <b>Adult Social Services</b>  |   |                                |                                 |                                 |                                 |                                 |                                 |
| <b>Business Risk Reserve:</b><br>Reserves established to manage key risks.  | Reserve which will be used to mitigate continuing financial risks including those arising from the Covid-19 pandemic in future years. | 15.854                         | 8.924                           | 0.000                           | 0.000                           | 0.000                           | 0.000                           |
| <b>Prevention Fund:</b> This includes the Living Well in the Community Fund, Prevention Fund and Strong and Well revenue funding as agreed by Members to support prevention work, mitigate the risks in delivering prevention savings and to help build capacity in the independent sector. | Expected to be fully utilised by the end of 2024-25.  | 0.378                          | 0.587                           | 0.286                           | 0.081                           | 0.000                           | 0.000                           |
| <b>Social Services Residential Review:</b> This reserve contains funds set aside to support delivery of Mental Health services within Adult Social Services.  | Use of the reserve over the budget planning period is expected.   | 5.437                          | 4.106                           | 1.453                           | 0.519                           | 0.420                           | 0.420                           |
|   |   | <b>21.670</b>                  | <b>13.617</b>                   | <b>1.739</b>                    | <b>0.600</b>                    | <b>0.420</b>                    | <b>0.420</b>                    |
| <b>Children's Services</b>  |   |                                |                                 |                                 |                                 |                                 |                                 |
| <b>Business Risk Reserve:</b><br>Reserves established to manage key risks.  | Reserve which will be used to mitigate continuing financial risks including those arising from the Covid-19 pandemic in future years. | 5.765                          | 1.369                           | 0.412                           | 0.196                           | 0.000                           | 0.000                           |
| <b>Children's Services Education Equalisation:</b> To fund the  | Use dependent upon the dates of future school years.  | 2.475                          | 0.440                           | 0.690                           | 0.000                           | 0.250                           | 0.000                           |

Appendix 3: Norfolk County Council Statement on the Adequacy of Provisions and Reserves 2022-26

| Title and purpose of Reserve / Provision  | Planned future use  | Opening Balances<br>31/03/2021 | Forecast Balances<br>31/03/2022 | Forecast Balances<br>31/03/2023 | Forecast Balances<br>31/03/2024 | Forecast Balances<br>31/03/2025 | Forecast Balances<br>31/03/2026 |
|---|---|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|   |   | £m                             | £m                              | £m                              | £m                              | £m                              | £m                              |
| variance in the number of Home to School/College Transport days in a financial year as a result of the varying dates of Easter holidays.  |   |                                |                                 |                                 |                                 |                                 |                                 |
|   |   | 8.239                          | 1.809                           | 1.102                           | 0.196                           | 0.250                           | 0.000                           |
| <b>Community and Environmental Services</b>   |   |                                |                                 |                                 |                                 |                                 |                                 |
| <b>Business Risk Reserve:</b><br>Reserves established to manage key risks.  | Reserve which will be used to mitigate continuing financial risks including those arising from the Covid-19 pandemic in future years. | 1.736                          | 0.283                           | 0.283                           | 0.283                           | 0.283                           | 0.283                           |
| <b>Adult Education Income:</b> 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.  | 2.287                          | 1.726                           | 1.151                           | 0.993                           | 0.993                           | 0.993                           |

Appendix 3: Norfolk County Council Statement on the Adequacy of Provisions and Reserves 2022-26

| Title and purpose of Reserve / Provision   | Planned future use  | Opening Balances 31/03/2021 | Forecast Balances 31/03/2022 | Forecast Balances 31/03/2023 | Forecast Balances 31/03/2024 | Forecast Balances 31/03/2025 | Forecast Balances 31/03/2026 |
|--|---|-----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|  |   | £m                          | £m                           | £m                           | £m                           | £m                           | £m                           |
| <b>Bus De-registration:</b> This is funding to meet costs associated with the commercial deregistration of bus services.   | This reserve will be drawn upon as required over the period.                                      | 0.027                       | 0.027                        | 0.027                        | 0.027                        | 0.027                        | 0.027                        |
| <b>Demand Responsive Transport:</b> 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. | Expected to be fully utilised by the end of 2021-22.  | 0.004                       | 0.000                        | 0.000                        | 0.000                        | 0.000                        | 0.000                        |
| <b>Economic Development and Tourism:</b> 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. | 3.186                       | 3.076                        | 1.727                        | 0.707                        | -0.346                       | -0.346                       |
| <b>Fire Operational/PPE/Clothing:</b> 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.             | 0.320                       | 0.310                        | 0.295                        | 0.273                        | 0.273                        | 0.273                        |
| <b>Fire Pensions:</b> 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.   | Expected to be fully utilised by the end of 2021-22.  | 0.089                       | 0.000                        | 0.000                        | 0.000                        | 0.000                        | 0.000                        |

Appendix 3: Norfolk County Council Statement on the Adequacy of Provisions and Reserves 2022-26

| Title and purpose of Reserve / Provision  | Planned future use   | Opening Balances<br>31/03/2021 | Forecast Balances<br>31/03/2022 | Forecast Balances<br>31/03/2023 | Forecast Balances<br>31/03/2024 | Forecast Balances<br>31/03/2025 | Forecast Balances<br>31/03/2026 |
|---|--|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|   |  | £m                             | £m                              | £m                              | £m                              | £m                              | £m                              |
| <b>Fire Retained Turnout Payments:</b> 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                           |
| <b>Highways Maintenance:</b> 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. | 8.865                          | 8.309                           | 7.258                           | 6.267                           | 5.568                           | 5.568                           |
| <b>Historic Buildings:</b> 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.   | 0.046                          | 0.045                           | 0.045                           | 0.043                           | 0.043                           | 0.043                           |
| <b>Park and Ride:</b> 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                           |
| <b>Prevention Fund:</b> This includes a commuted sum from Developers to cover new bus routes and lump sums received from the Government for improvements to bus services.   | There is no current planned use of this reserve.   | 0.152                          | 0.152                           | 0.152                           | 0.152                           | 0.152                           | 0.152                           |

Appendix 3: Norfolk County Council Statement on the Adequacy of Provisions and Reserves 2022-26

| Title and purpose of Reserve / Provision   | Planned future use   | Opening Balances 31/03/2021 | Forecast Balances 31/03/2022 | Forecast Balances 31/03/2023 | Forecast Balances 31/03/2024 | Forecast Balances 31/03/2025 | Forecast Balances 31/03/2026 |
|--|--|-----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|  |  | £m                          | £m                           | £m                           | £m                           | £m                           | £m                           |
| <b>Residual Insurance and Lottery Bids:</b> 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. | 0.081                       | 0.039                        | 0.039                        | 0.039                        | 0.039                        | 0.039                        |
| <b>Road Safety:</b> 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                        |
| <b>Street Lighting PFI Sinking Fund:</b> 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.   | 4.843                       | 4.339                        | 3.835                        | 3.331                        | 2.827                        | 2.827                        |
| <b>Waste Management Partnership Fund:</b> This reserve is for waste management initiatives.  | This reserve is used as and when required.   | 0.725                       | 0.425                        | 0.425                        | 0.425                        | 0.425                        | 0.425                        |

Appendix 3: Norfolk County Council Statement on the Adequacy of Provisions and Reserves 2022-26

| Title and purpose of Reserve / Provision  | Planned future use  | Opening Balances 31/03/2021 | Forecast Balances 31/03/2022 | Forecast Balances 31/03/2023 | Forecast Balances 31/03/2024 | Forecast Balances 31/03/2025 | Forecast Balances 31/03/2026 |
|---|---|-----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|   |   | £m                          | £m                           | £m                           | £m                           | £m                           | £m                           |
|   |   | 22.612                      | 18.981                       | 15.487                       | 12.791                       | 10.535                       | 10.535                       |
|   |   |                             |                              |                              |                              |                              |                              |
| <b>Strategy and Transformation Directorate</b>  |   |                             |                              |                              |                              |                              |                              |
| <b>Business Risk Reserve:</b><br>Reserves established to manage key risks.  | Some use of reserve is planned for 2022-23.   | 0.640                       | 0.594                        | 0.458                        | 0.458                        | 0.458                        | 0.458                        |
| <b>Strategic Ambitions Reserve:</b><br>This reserve supports the council in achieving its aspirations and strategic ambitions for Norfolk.        | Some use of reserve is planned for 2022-23.   | 0.225                       | 0.170                        | 0.114                        | 0.114                        | 0.114                        | 0.114                        |
|   |   | 0.865                       | 0.764                        | 0.572                        | 0.572                        | 0.572                        | 0.572                        |
| <b>Governance Department</b>  |   |                             |                              |                              |                              |                              |                              |
| <b>NPLaw:</b> This reserve has been created to support the development and increased activities of the business and smooth variations in trading. | The reserve has been built up from Nplaw Trading and as such belongs to the Partners of the scheme.   | 0.458                       | 0.458                        | 0.458                        | 0.458                        | 0.458                        | 0.458                        |
| <b>Election Reserve:</b> 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. | 0.975                       | 0.000                        | 0.307                        | 0.622                        | 0.947                        | 0.000                        |
|   |   | 1.433                       | 0.458                        | 0.765                        | 1.080                        | 1.405                        | 0.458                        |

Appendix 3: Norfolk County Council Statement on the Adequacy of Provisions and Reserves 2022-26

| Title and purpose of Reserve / Provision   | Planned future use  | Opening Balances<br>31/03/2021 | Forecast Balances<br>31/03/2022 | Forecast Balances<br>31/03/2023 | Forecast Balances<br>31/03/2024 | Forecast Balances<br>31/03/2025 | Forecast Balances<br>31/03/2026 |
|--|---|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|  |   | £m                             | £m                              | £m                              | £m                              | £m                              | £m                              |
| <b>Finance and Commercial Services</b>   |   |                                |                                 |                                 |                                 |                                 |                                 |
| <b>Archive Centre Sinking Fund:</b><br>This reserve is to maintain the Archive Centre in accordance with a lease agreement between the County Council and the University of East Anglia. | This reserve is used as and when required.  | 0.264                          | 0.159                           | 0.169                           | 0.179                           | 0.189                           | 0.189                           |
| <b>County Farms:</b> This reserve is to hold income related to the County Farms estate.  | Some use of reserve is planned for 2021-22.   | 0.513                          | 0.415                           | 0.415                           | 0.415                           | 0.415                           | 0.415                           |
|  |   | <b>0.777</b>                   | <b>0.574</b>                    | <b>0.584</b>                    | <b>0.594</b>                    | <b>0.604</b>                    | <b>0.604</b>                    |
|  |   |                                |                                 |                                 |                                 |                                 |                                 |
| <b>Finance General</b>   |   |                                |                                 |                                 |                                 |                                 |                                 |
| <b>Business Risk Reserve:</b><br>Reserves established to manage key risks.   | Some use of reserve is planned for 2021-22.   | 3.250                          | 2.224                           | 2.224                           | 2.224                           | 2.224                           | 2.224                           |
| <b>Corporate Covid Risk Reserve:</b><br>Reserves established to hold funding for Covid related expenditure   | Government grant funding held in reserve to be utilised in the following financial years. | 9.115                          | 21.507                          | 3.507                           | 3.507                           | 3.507                           | 3.507                           |
| <b>Insurance Reserve:</b> 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 2022-23 budget.   | 0.759                          | 0.769                           | 0.269                           | 0.269                           | 0.269                           | 0.269                           |

Appendix 3: Norfolk County Council Statement on the Adequacy of Provisions and Reserves 2022-26

| Title and purpose of Reserve / Provision  | Planned future use   | Opening Balances<br>31/03/2021 | Forecast Balances<br>31/03/2022 | Forecast Balances<br>31/03/2023 | Forecast Balances<br>31/03/2024 | Forecast Balances<br>31/03/2025 | Forecast Balances<br>31/03/2026 |
|---|--|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|   |  | £m                             | £m                              | £m                              | £m                              | £m                              | £m                              |
| <b>Organisational Change and Redundancy Reserve:</b> This reserve was created to provide one-off funding to support and invest in transformational change e.g. change initiatives such as Workstyle and to fund redundancy costs.   | The timing of when the reserve is used is dependent upon future events and it is expected it will be mainly used to fund redundancy costs. | 4.388                          | 3.862                           | 2.775                           | 2.775                           | 2.775                           | 2.775                           |
|   |  | <b>17.512</b>                  | <b>28.362</b>                   | <b>8.775</b>                    | <b>8.775</b>                    | <b>8.775</b>                    | <b>8.775</b>                    |
|   |  |                                |                                 |                                 |                                 |                                 |                                 |
| <b>Non-Schools Total</b>  |  | <b>112.827</b>                 | <b>100.295</b>                  | <b>51.461</b>                   | <b>40.230</b>                   | <b>35.726</b>                   | <b>34.529</b>                   |
|   |  |                                |                                 |                                 |                                 |                                 |                                 |
| <b>Reserves for Capital Use</b>   |  |                                |                                 |                                 |                                 |                                 |                                 |
| Usable Capital Receipts   |  | 1.000                          | 1.000                           | 1.000                           | 1.000                           | 1.000                           | 1.000                           |
|   |  |                                |                                 |                                 |                                 |                                 |                                 |
| <b>Schools Reserves</b>   |  |                                |                                 |                                 |                                 |                                 |                                 |
| <b>LMS Balances:</b> 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.  | 17.018                         | 14.671                          | 11.912                          | 3.869                           | 3.869                           | 3.869                           |

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| Title and purpose of Reserve / Provision  | Planned future use  | Opening Balances<br>31/03/2021 | Forecast Balances<br>31/03/2022 | Forecast Balances<br>31/03/2023 | Forecast Balances<br>31/03/2024 | Forecast Balances<br>31/03/2025 | Forecast Balances<br>31/03/2026 |
|---|---|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|   |   | £m                             | £m                              | £m                              | £m                              | £m                              | £m                              |
| <b>Norwich Schools PFI Sinking Fund:</b> 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 2022-23. The reserve will then be replenished over the planning period. | 2.264                          | 2.164                           | 2.044                           | 2.223                           | 2.367                           | 2.367                           |
| <b>Building Maintenance:</b> This is money put aside to spend on building maintenance of schools.   | Reserve balances are reviewed and utilised as required.   | 1.300                          | 1.300                           | 1.777                           | 1.777                           | 1.527                           | 1.527                           |
| <b>Unspent Grants and Contributions:</b> This reserve contains the balances on the council's unconditional grants and contributions.  | Utilised as grants are spent.   | 0.024                          | 0.024                           | 0.024                           | 0.024                           | 0.024                           | 0.024                           |
| <b>Schools Sickness Insurance:</b> This reserve is a mutual insurance scheme operated on behalf of schools.   | Use of the reserve will depend upon the demand of member schools.                                       | 0.316                          | 0.316                           | 0.316                           | 0.316                           | 0.316                           | 0.316                           |
| <b>Schools Non-Partnership maintenance fund:</b> This reserve is held on behalf of schools for building maintenance activities.   | The future usage will be part of individual school's financial plans.                                   | 0.804                          | 0.804                           | 0.804                           | 0.804                           | 0.804                           | 0.804                           |

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|--|--|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|  |  | £m                             | £m                              | £m                              | £m                              | £m                              | £m                              |
| <b>School playing surface sinking fund:</b> 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                           |
| <b>Schools Total</b>   |  | <b>21.755</b>                  | <b>19.308</b>                   | <b>16.907</b>                   | <b>9.043</b>                    | <b>8.937</b>                    | <b>8.937</b>                    |
|  |  |                                |                                 |                                 |                                 |                                 |                                 |
| <b>DSG Reserve:</b> 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. | -31.797                        | -54.324                         | -72.248                         | -95.389                         | -122.920                        | -154.706                        |
|  |  |                                |                                 |                                 |                                 |                                 |                                 |
| <b>Provisions</b>  |  |                                |                                 |                                 |                                 |                                 |                                 |
| <b>Adult Social Services</b>   |  |                                |                                 |                                 |                                 |                                 |                                 |
| <b>Provision for doubtful debts:</b> 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.  | 3.420                          | 2.420                           | 2.420                           | 2.420                           | 2.420                           | 2.420                           |

Appendix 3: Norfolk County Council Statement on the Adequacy of Provisions and Reserves 2022-26

| Title and purpose of Reserve / Provision   | Planned future use  | Opening Balances<br>31/03/2021 | Forecast Balances<br>31/03/2022 | Forecast Balances<br>31/03/2023 | Forecast Balances<br>31/03/2024 | Forecast Balances<br>31/03/2025 | Forecast Balances<br>31/03/2026 |
|--|---|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|  |   | £m                             | £m                              | £m                              | £m                              | £m                              | £m                              |
| <b>Children's Services</b>   |   |                                |                                 |                                 |                                 |                                 |                                 |
| <b>Provision for doubtful debts:</b> 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.  | 1.480                          | 0.358                           | 0.358                           | 0.358                           | 0.358                           | 0.358                           |
| <b>Community and Environmental Services</b>  |   |                                |                                 |                                 |                                 |                                 |                                 |
| <b>Closed landfill long term impairment provision:</b> 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. | 12.559                         | 12.559                          | 12.494                          | 12.426                          | 12.356                          | 12.356                          |
| <b>Fire Service:</b> 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                           |
| <b>Finance General</b>   |   |                                |                                 |                                 |                                 |                                 |                                 |
| <b>Insurance:</b> Provision for insurance claims.  | Contractual commitment based on reported claims and provision for incurred but unreported claims.   | 10.000                         | 10.000                          | 10.000                          | 10.000                          | 10.000                          | 10.000                          |
| <b>Redundancy:</b> A provision to meet redundancy and pension strain costs.  | This provision is forecast to be used in full in 2021-22.   | 0.020                          | 0.000                           | 0.000                           | 0.000                           | 0.000                           | 0.000                           |
|  |   |                                |                                 |                                 |                                 |                                 |                                 |
| <b>Non-Schools Provisions Total</b>  |   | <b>27.527</b>                  | <b>25.384</b>                   | <b>25.319</b>                   | <b>25.252</b>                   | <b>25.181</b>                   | <b>25.181</b>                   |

6.4. The planned change in total non-school's reserves is a reduction of 55.67% over five years as shown in the following table.

**Reserves Table 6: Change in reserves 2021-26**

|  | <b>March 31, 2021</b> | <b>March 31, 2026</b> | <b>Reduction %</b> |
|--|-----------------------|-----------------------|--------------------|
|  | <b>£m</b>             | <b>£m</b>             |                    |
| General Balances                                   | 23.763                | 26.018                |                    |
| Earmarked Reserves                                 | 112.827               | 34.529                |                    |
| <b>Total</b>                                       | <b>136.590</b>        | <b>60.547</b>         | <b>55.67%</b>      |
| <i>The comparative figures for last year were:</i> |                       |                       |                    |
|  | <b>March 31, 2020</b> | <b>March 31, 2025</b> | <b>Reduction %</b> |
| General Balances                                   | 19.706                | 24.206                |                    |
| Earmarked Reserves                                 | 94.243                | 40.747                |                    |
| <b>Total</b>                                       | <b>113.949</b>        | <b>64.953</b>         | <b>43.00%</b>      |

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<sup>51</sup> 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<sup>52</sup> 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 £72.248m deficit

<sup>51</sup> 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>

<sup>52</sup> <https://consult.education.gov.uk/funding-policy-unit/revised-arrangements-for-the-dsg/>

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forecast for the end of 2022-23. On the basis of the accounting treatment established 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.

## **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 2022-23 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 2022-23 to 2025-26**

### **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 2021-22, 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 2021.
  - Member review and challenge via Cabinet in the July, October, November and January meetings;

- Public review and challenge through budget consultation for specific proposals where required via the Council's consultation hub Citizen Space, including impact assessment of proposals;
- Assurance from fellow Executive Directors that final budget proposals to be considered by County Council are robust and are as certain as possible of being delivered;
- 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](#)<sup>53</sup> which sits alongside the new Financial Management Code (FM Code). Although CIPFA has not yet updated the index with 2020-21 data, both of these have helped to inform the council's 2022-23 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 2022-23.

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<sup>54</sup> **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.

<sup>53</sup> <https://www.cipfa.org/services/financial-resilience-index/financial-resilience>

<sup>54</sup> It should be noted that the index refers to net revenue expenditure as used in government financial returns, this includes central government funding e.g. Settlement Funding allocations and is therefore higher than the council's net revenue budget (which is council tax only).

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3.3. 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 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 2021 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 pool business rates in 2022-23 in order to maximise business rates for Norfolk local authorities.
- 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.
- Ongoing budget-setting work for 2022-23 to set a robust, balanced budget, and regular monitoring of the 2021-22 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 2022-23 will be looking in particular at any further actions needed to enhance compliance with the 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 2022-26 report ([Appendix 4](#)).

4.2. Budget proposals and emerging pressures were reported to Cabinet in November, 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 2022-23.

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 into 2022-23. 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 2022;
- **Government funding:** The final 2022-23 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 uncertainty about plans for 75% Business Rates Retention from 2023-24. A list of revenue grants is included within Table 11 of the Revenue Budget 2022-23 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, Long Stratton bypass, Norwich Western Link, the Castle Keep Museum, Better Broadband, and the investment in specialist school places and services (SEND school provision)**, 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, 2022-26, 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 2023-24 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, [\*Better 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 2021, 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 Integrated Care System (ICS)) 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). Absorbing and adjusting to any new requirements and/or new burdens arising from the implementation of social care reform.

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 2022-23 has included extensive work to review the deliverability of savings and understand service pressures. As a result, the 2022-23 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 £1.596m 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 2022-23 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 2021-22. The Medium Term Financial Strategy does not reflect plans to fully meet the funding shortfall between 2023-24 to 2025-26. 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 4](#) 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 2023-24 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 2021-22 to 2025-26**

|   | 2020-21<br>(Period 8<br>forecast) | 2022-23<br>Budget | 2023-24<br>Budget | 2024-25<br>Budget | 2025-26<br>Budget |
|---|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
|   | £m                                | £m                | £m                | £m                | £m                |
| Forecast<br>outturn budget<br>deficit (2.99%) | 0.000                             | 0.000             | 59.920            | 22.913            | 11.422            |
| Forecast<br>outturn budget<br>deficit (3.99%) | 0.000                             | 0.000             | 50.740            | 27.224            | 11.227            |

5.7. Work is underway by Executive Directors and budget holders to deliver a balanced outturn position at year end as reported in period 8 Financial Monitoring report which currently forecasts that the outturn position will be balanced at year-end. The non-delivery of unachievable future year savings from the 2021-25 budget round has been addressed as part of the 2022-23 budget process, however 2021-22 savings which have not been achieved in-year due to timing delays are assumed to be delivered in 2022-23.

5.8. The factors and budget assumptions used in developing the 2022-26 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  |
|-------------------------|---|
| <b>Growth Pressures</b> |   |
| 1) Inflation            | Pay inflation has been assumed at 1.75% for 2021-22 and 3% for 2022-23 to 2025-26. The County Council is currently part of the national agreement and therefore pay awards for 2022-23 onwards will be determined by any agreements reached. 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. Budget growth has been awarded for the additional 1.25% Employers NI contributions from 2022-23. |

| Budget Assumption          | Explanation of financial forecast and approach  |
|----------------------------|---|
|                            | <p>Pensions – The 2019 actuarial valuation of the pension fund has set the employer contribution rates from 1 April 2020 at 15.5% (unchanged) plus a lump sum for each of the three years 2020-23.</p> <p>Price Inflation is provided where a contractual increase is required. This is at the contractual rate where appropriate.</p>  |
| 2) Demand and Demographics | <p>There are three key areas where demand and demographic pressures have a significant impact on the council's budget planning:</p> <ul style="list-style-type: none"> <li>• Gross demographic pressures in Adult Social Care totalling £6.400m reflecting rising demand for services as people live longer and transition of service users from Children's Services to adult social care.</li> <li>• Gross demand pressures of £18.725m 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.</li> <li>• Demand and demographic pressures from increased waste tonnage.</li> </ul>                       |
| 3) Legislative changes     | <p>The budget estimates include the following assumptions with regard to current and future legislative changes:</p> <ul style="list-style-type: none"> <li>• The Government implemented a National Living Wage (NLW) from 2016-17, starting at £7.20. In April 2022 it was increased to £9.50<sup>55</sup>. 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.</li> <li>• Cost pressures assuming an increase above the core price inflation for pay and price market pressures have been included.</li> <li>• Cost pressures have been included associated with the increased income received for the Improved Better Care Fund.</li> </ul> |
| 4) Policy decisions        | <p>The 2022-23 budget includes:</p> <ul style="list-style-type: none"> <li>• £9.163m to address pressures in Adult Social Services;</li> <li>• £1.378m to address pressures in Community and Environmental Services.</li> </ul>   |
| 5) Interest Rates          | <p>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.</p>   |

<sup>55</sup> <https://www.gov.uk/government/publications/minimum-wage-rates-for-2022>

| Budget Assumption                 | Explanation of financial forecast and approach   |
|-----------------------------------|--|
| <b>Savings</b>                    |  |
| 6) Income                         | Inflationary increases to fees and charges have been included within the budget proposals where appropriate. Other changes to income either through expected reductions in income, or initiatives to increase income generation, are reported as individual budget proposals.  |
| 7) Savings                        | <p>Savings have been identified across all services and range from productivity efficiency savings, to reductions in service provision. All managers are responsible for ensuring that proposed savings are robust and delivered in accordance with plans. Measures throughout the planning process have supported review and challenge of the deliverability of savings and where appropriate a number of savings have been removed or re-profiled to later years.</p> <p>Changes or delays in delivering savings will result in variance to the budget and as such savings will be closely tracked throughout the year as part of the budget monitoring process and reported to Cabinet, with management actions identified as necessary.</p>  |
| <b>Other Planning assumptions</b> |  |
| 8) Funding changes                | <p>The provisional Settlement provided only indications for one year of funding allocations in 2022-23, 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 2023-24.</p> <p>The provisional Settlement confirmed that existing social care funding of £30.342m plus additionally announced social care funding of £11.152m will also be provided in 2022-23. The MTFS assumes these will be ongoing, but outcomes of the CSR and FFR are awaited to determine whether this is correct.</p> <p>The Revenue Budget report sets out the detail of key grants and highlights that many key areas of funding are yet to be confirmed for 2022-23.</p> <p>In relation to schools, funding is provided through the Dedicated Schools Grant (DSG) and Pupil Premium, which is paid to the County Council and passed on to schools in accordance with the agreed formula allocation. It is assumed that all school pay and prices inflationary pressures will be absorbed within the DSG allocation.</p> <p>Norfolk faces severe pressures on High Needs Block (HNB) funding within DSG and submitted a disapplication request in respect of the Dedicated Schools Grant (DSG) for 2022-23 for 1% transfer in addition to the 0.5% transfer from the Schools Block (SB) to the HNB</p> |

Appendix 4: Norfolk County Council Statement on the Robustness of Estimates 2022-26

| Budget Assumption   | Explanation of financial forecast and approach   |
|---|--|
|   | <p>agreed by Schools Forum on 17 November 2021. At the time of writing, the Council is awaiting notification from the Secretary of State as to whether the request has been accepted or 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.</p>  |
| <p>9) Financial risks inherent in any significant new funding partnerships; major contracts or major capital developments</p> | <p>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.</p>   |
| <p>10) Availability of funds to deal with major contingencies</p>   | <p>All provisions and earmarked reserves have been reviewed to test their adequacy and continued need. A risk assessment of the level of general balances has been undertaken and the budget reflects the assessed level of balances required. The council also has recourse to the Bellwin scheme in the event of disasters or emergencies.</p>   |
| <p>11) Overall financial standing of the authority</p>  | <p>The council's treasury management activity manages both short term cash to provide security, liquidity and yield, and the council's longer term borrowing needs to fund capital expenditure through either long term borrowing or the utilisation of temporary cash resources pending long term borrowing. In accordance with the approved strategy, the council currently continues to borrow for capital purposes, while using cash balances on a temporary basis to avoid the cost of 'carrying' debt in the short term.</p> <p>At 31 December 2021, the council's outstanding debt totalled £903m. The council continues to maintain its total gross borrowing level within its Authorised Limit of £999m (prudential indicators) for 2021-22. The Authorised Limit being the affordable borrowing limit required by section 3 of the Local Government Act 2003.</p> <p>There are a number of treasury related indicators to restrict treasury activity within certain limits and manage risk. These include maturity profile of debt; and investments greater than 365 days. Monitoring is reported regularly to Cabinet on an exception basis.</p> <p>At the end of November 2021 (Period 9), the council's cash balances stood at £312m.</p> |

| Budget Assumption   | Explanation of financial forecast and approach  |
|---|---|
| 12) The authority's track record in budget and financial management                                       | <p>As at Period 8 the 2021-22 revenue budget is forecast to be balanced on a net budget of £439.094m (gross £1.518bn). Executive Directors are working to deliver a balanced outturn position at year-end.</p> <p>Ernst and Young, the council's external auditor, has issued an unqualified opinion on the 2020-21 accounts and concluded that the council made appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.<sup>56</sup></p> |
| 13) The authority's capacity to manage in-year budget pressures   | The level of general balances is assessed as part of the budget setting process, reviewed monthly and reported to Cabinet as part of the regular monitoring process. Review and challenge improves the accuracy of budget estimates, which aims to support management and the early identification of budget issues. The regular reporting of risk and monitoring of mitigating actions supports in-year budget management.   |
| 14) The strength of the financial information and reporting arrangements                                  | Information on budget and actual spend is reported publicly and monitoring reports are published regularly throughout the year. The reports are on a risk basis, so that attention is concentrated on what is most important.   |
| 15) The end of year procedures in relation to budget under/overspends at authority and departmental level | Guidance on end of year procedures is reported annually and arrangements are monitored. Detailed year-end financial information is reported alongside services' performance monitoring. The proposed year end arrangements will be reported to Cabinet for approval.  |
| 16) The authority's insurance arrangements to cover major unforeseen risks                                | <p>The County Council has a mix of self-insurance and tendered insurance arrangements. Premiums are set on an annual basis and reflected within the budget planning. Premiums are subject to annual variance due to external factors and internal performance, risk and claims management.</p> <p>General balances include assessment of financial risk from uninsured liabilities.</p>   |

## 6. Robustness of capital estimates

6.1. As with the revenue budget, the capital programme is designed to address the authority's key priorities, including schemes which will help transform the way in which services are provided. To this end, the programme is prepared on the basis of a number of factors, including previously agreed projects, spend to save proposals, and infrastructure and property requirements.

6.2. Projects are costed using professional advice relative to the size and nature of the scheme. Where appropriate, a contingency allowance is included in cost estimates to cover unavoidable and unforeseeable costs. The programme is

<sup>56</sup> <https://www.norfolk.gov.uk/what-we-do-and-how-we-work/our-budget-and-council-tax/statement-of-accounts>

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 2022-26.

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.

# **Norfolk County Council**

## **Budget Consultation findings report 2022-23**

### **1. Background**

Norfolk County Council has conducted an annual budget consultation for financial year 2022-23. Normally, Norfolk County Council would publish budget proposals to be considered by its cabinet and scrutiny committee in October, before going out to public consultation. However, because of the uncertainties this year over local government funding, support for adult social care and other pressures the council felt it prudent to wait till the Chancellor provided a clearer picture before publishing the budget proposals. The detailed Government spending and budget announcements were made on 27<sup>th</sup> October 2021, waiting for this additional information caused a delay in the budget process of a month.

To this end, the budget consultation was open between 25 November and closed on Thursday 30 December 2021 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 2022-23
- raise the adult social care precept by 1.00% in 2022-23

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 five weeks, closing on the 30 December 2021. 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 available on request by email and phone (with a Freepost returns process in place).

People could choose which financial section 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

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
- Email briefing to members of our Norfolk Resident's Panel.
- Social media promotion on Twitter, Facebook, LinkedIn, NextDoor
- Members briefing to all NCC councillors
- NCC Managers Briefing
- Information on the staff intranet and staff newsletters (including Friday Takeaway)
- Information on the Council's website [www.norfolk.gov.uk](http://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 which was published on 16 December 2021.

We asked respondents how they heard about this year's budget consultation and the response is tabled below.

| Option                               | Total | Percent |
|--------------------------------------|-------|---------|
| Social Media                         | 45    | 18.15%  |
| Local Media (Newspaper/Radio etc)    | 35    | 14.11%  |
| Through my town/parish council       | 15    | 6.05%   |
| Through the Norfolk Residents' Panel | 82    | 33.06%  |
| Norfolk County Council Website       | 33    | 13.31%  |
| From a friend                        | 6     | 2.42%   |

#### 3.1. Parish Council Webinar Event

On 8<sup>th</sup> December 2021 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 Councillor Andrew Jamieson.

Participants were invited to find out more about our budget consultation and our specific proposals. Cllr Jaimeson gave a presentation outlining our proposals, followed by questions and answers session. A recording of the event was made available after the session via the NALC. After the session closed, participants were invited to visit our consultation online and provide written feedback if they so wished. In total, representatives from 15 parish councils attended the event.

## 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 feed-back 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 248 responses to our consultation. Of these, 229 people or 92.34% replied as individuals.

| Option                                      | Total | Percent |
|---|-------|---------|
| A member of the public                      | 229   | 92.34%  |
| On behalf of a voluntary or community group | 2     | 0.81%   |
| On behalf of a statutory organisation       | 0     | 0.00%   |
| On behalf of a business                     | 0     | 0.00%   |
| A Norfolk County councillor                 | 0     | 0.00%   |
| A district or borough councillor            | 0     | 0.00%   |
| A town or parish councillor                 | 3     | 1.21%   |
| A Norfolk County Council employee           | 10    | 4.03%   |
| Prefer not to say                           | 4     | 1.61%   |
| Not Answered                                | 0     | 0.00%   |
| Total                                       | 248   | 100%    |

Of the 248 responses received, the overwhelming majority (244) were online submissions to Citizen Space and 4 were via email.

**Responses by groups, organisations and businesses:**

Three online consultation respondents told us which group, organisation or business they were responding on behalf of. The organisations cited were:

- Dereham Deaf Social Club
- Norwich Older People's Forum
- Norfolk County Council Employee

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 (248 individuals)

| Gender   | Total | Percent |
|--|-------|---------|
| Male   | 126   | 50.81%  |
| Female   | 99    | 39.92%  |
| Prefer to self-describe (please specify below) | 3     | 1.21%   |
| Prefer not to say                              | 19    | 7.66%   |
| Not Answered                                   | 1     | 0.40%   |
| Total  | 248   | 100 %   |

Responses by age (248 individuals)

| Option            | Total | Percent |
|-------------------|-------|---------|
| Under 18          | 0     | 0.00%   |
| 18-24             | 1     | 0.40%   |
| 25-34             | 9     | 3.63%   |
| 35-44             | 36    | 14.52%  |
| 45-54             | 42    | 16.94%  |
| 55-64             | 53    | 21.37%  |
| 65-74             | 63    | 25.40%  |
| 75-84             | 18    | 7.26%   |
| 85 or older       | 1     | 0.40%   |
| Prefer not to say | 25    | 10.08%  |
| Not Answered      | 0     | 0.00%   |
| Total             | 248   | 100%    |

Responses by long-term illness, disability or limiting health problem (248 individuals)

| Option            | Total | Percent |
|-------------------|-------|---------|
| Yes               | 55    | 22.18%  |
| No                | 163   | 65.73%  |
| Prefer not to say | 29    | 11.69%  |
| Not Answered      | 1     | 0.40%   |
| Total             | 248   | 100%    |

Responses by ethnic group (248 individuals)

| Option                 | Total | Percent |
|------------------------|-------|---------|
| White British          | 203   | 81.85%  |
| White Irish            | 1     | 0.40%   |
| White other            | 8     | 3.23%   |
| Mixed                  | 1     | 0.40%   |
| Asian or Asian British | 2     | 0.81%   |
| Black or Black British | 0     | 0.00%   |
| Chinese                | 0     | 0.00%   |
| Prefer not to say      | 30    | 12.10%  |
| Not Answered           | 3     | 1.21%   |
| Total                  | 248   | 100%    |

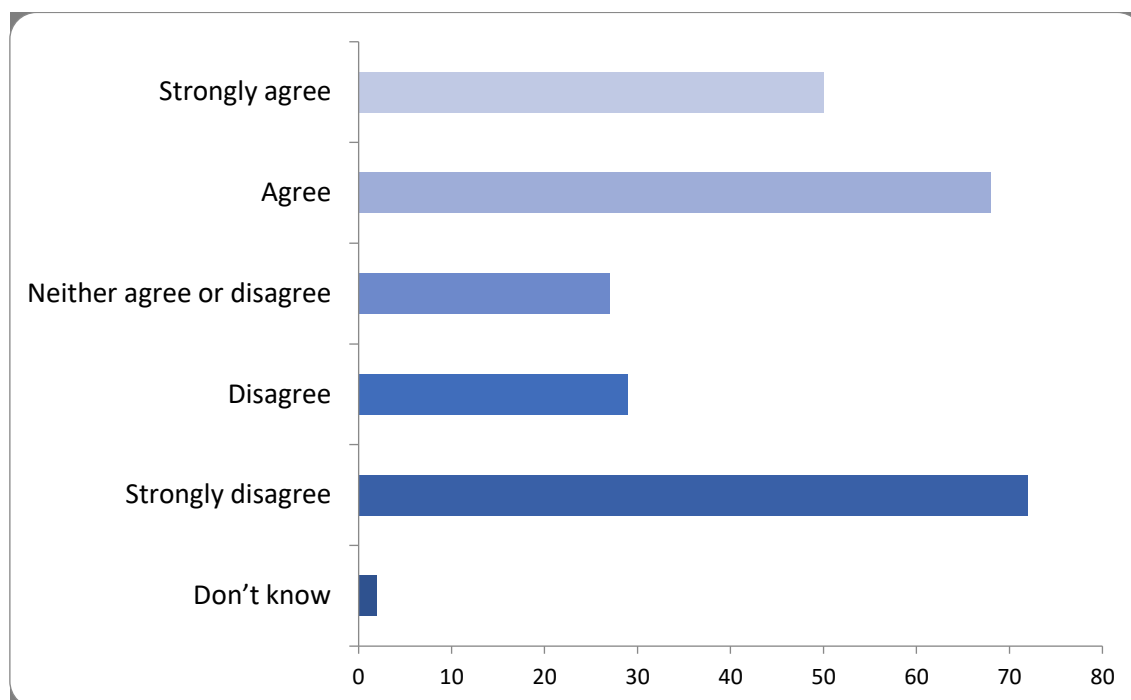
## 7. Feedback: Council Tax

**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 2022-23?**

248 people answered this question, responding as follows:

- **118 (47.58%) were in agreement**
  - 50 (20.16%) said they strongly agreed
  - 68 (27.42%) said they agreed
- 27 (10.89%) said they neither agreed nor disagreed
- **101 (40.72) were in disagreement**
  - 29 (11.69%) said that they disagreed
  - 72 (29.03%) said that they strongly disagreed
- 2 (0.81%) 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 2022-23?**



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** (50) or **agreeing** (68) with the proposal tend to cluster feedback around these themes/perceptions (in descending order of frequency):

- increase is **necessary**, even if challenging or unwelcome
- services are regarded as **vital and should be protected**
- general **supportive** statement with respondents agreeing with the proposal
- **central government** should be providing **more money** to fund services in general
- **criticism** about our **tax system** in general, not NCC proposals
- **COVID** - impact of the pandemic means services need to be maintained

Those **disagreeing** (29) or **strongly disagreeing** (72) with the proposal tend to cluster feedback around these themes/perceptions (in descending order of frequency):

- **cost of living** is increasing
- opposed to **tax rises**
- suggestions that the council and the services need to be more **efficient**
- **central government** should be providing **more money** to fund services in general
- **criticism** about our **tax system** in general with some ideas about how to raise more tax
- suggestions to **go further** by finding more savings or increase council tax

Other prominent themes amongst those **neutral** (27) or where the same theme is notably mentioned both by those agreeing and disagreeing, include:

- **central government** should be providing **more money** to fund services in general
- **more information is required** around the proposal
- suggestions that the council and the services need to be more **efficient**
- suggestions to **go further** by finding more savings on increase council tax
- **cost of living** is increasing

**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)   |
|--|-----|--|
| <b>Necessary -</b><br>Even if challenging or unwelcome | 49  | <p>"I'm going to find the increase difficult to manage financially, but I understand the need for more money to fund the extra demands on local services."</p> <p>"Reluctantly I agree as I see there will be a big demand for services in the coming year. The money will have to come from somewhere."</p> <p>"The money needs to be raised somehow, that is a fair increase given all the circumstances."</p> <p>"It seems the only way forward."</p> <p>"The demands on all provisions by the Council have increased in a way never seen before. Unless more is paid then the services will risk collapse."</p> <p>"If the people of Norfolk are to expect services to stay at their current standard / improve, it is unavoidable that the cost is going to increase and must be paid for."</p> <p>"We need to raise money for social care and other costs. There may be limited options regarding other ways to raise funds."</p> <p>"it's inevitable we need more money and it seems a fair amount"</p> <p>"They need the money to pay the increased costs of providing the services"</p> |

|                               |    |  |
|-------------------------------|----|--|
|                               |    | <p>"dont want a rise but it seems justified and not excessive"</p>   |
| <b>Protect vital services</b> | 32 | <p>"The money has to come from somewhere for the services we need"</p> <p>"From what has been outlined it is important that there is sufficient funding to maintain the services particularly in these difficult times, whilst also trying to make services as efficient as possible."</p> <p>"High-quality, well-funded services are vital to the vibrancy and security of Norfolk, allowing everyone to thrive and feel secure in the knowledge that when they need extra help it will be there."</p> <p>"I believe we must protect the level of NCC service provision."</p> <p>"the demands on all provisions by the Council have increased in a way never seen before. Unless more is paid then the services will risk collapse."</p> <p>"As the money is ringfenced and the needs of the community is getting greater, I am happy with the increase, of course we would all like a reduction but that is not the way of the world at present."</p> <p>"these services are important, and without government funding it would mean that other services have to be cut to provide these services without raising council tax. it's a difficult position and not easy to resolve any other way"</p> <p>"Council Tax needs to be raised to provide essential services."</p> |
| <b>Supportive</b>             | 30 | <p>"I agree, if this is the maximum amount which can be levied."</p> <p>"Reasonable amount to allow vital services to continue."</p> <p>"I agree with the amount as it is reasonable, and i honestly thought with everything going on at the moment that the amount that the council would try to make it a higher amount, so this is reasonable."</p>   |

|  |    |  |
|--|----|--|
|  |    | <p>"It is the only sensible way to be able to provide services and balance the books."</p> <p>"Seems sensible" / "It seems fair."</p>  |
| <b>Central government funding</b>  | 14 | <p>"Unfortunately this is needed as central government have not provided enough money. Somebody has to pay for the services if the government will not."</p> <p>"Central government's grant to Councils seems to me to be a resource that cannot be totally relied upon."</p> <p>"Without central government stepping up and providing funding, that realistically only leaves council tax."</p> <p>"Central government should increase the amount of monies allocated to local councils."</p>     |
| <b>Tax system criticisms -</b><br>Comments about the tax system in general | 14 | <p>"To help our local services and protect our environment, we should raise taxes on big businesses that operate in Norfolk. This can be supplemented by all residents giving a bit more to help out."</p> <p>"Council Tax being based on property size/ownership should be proportionate to ability to pay if help is in place for those who need it."</p> <p>"If the Government doesn't have the guts to raise taxes for urgently needed services, then they have to come from 'local' tax."</p> |
| <b>Covid -</b><br>Impact of the pandemic                                   | 9  | <p>"We need to have funds for services. I would be happy with a bigger increase considering the challenges following COVID-19."</p> <p>"Because I understand the impact Covid has had on the budget and the every increasing age of residents and their needs."</p> <p>"The pandemic has shown how vital services are, and I totally agree with the idea of paying more for better services."</p>  |

**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)  |
|-----------------------|-----|---|
| <b>Cost of living</b> | 56  | <p>"At a time when everything is increasing people cannot keep affording these constant raises in council tax."</p> <p>"Many wages are not going up with inflation which is on the up so raising council tax will mean more people will struggle."</p> <p>"We have had enough hikes in energy, cap on wages, petrol prices. We can't take anymore"</p> <p>"All households are being squeezed by inflation and the poorest members of our community are being hardest hit by increases in energy and food prices."</p> <p>"Because no-one I know has any spare money."</p> <p>"Everything has gone up too much, enough is enough."</p> <p>"With soaring energy costs and wages not increasing in line with inflation people are financially worse off."</p> <p>"Families are already facing increasing living costs – this would leave us and many in a very difficult financial position – struggling to make ends meet, even though we both work."</p> <p>"People not being able to afford the increase, further pressures to find money that people don't have. Which then becomes a vicious circle."</p> <p>"As a NCC employee I have been offered a pay 'increase' of 1.75%, lower than the proposed council tax increase, so council tax is taking an ever greater proportion of my income. This is becoming increasingly unaffordable."</p> <p>"Income is decreasing, retail prices increasing utilities increasing, pension provision decreasing how are you expecting people to pay more and more."</p> |

|  |           |  |
|--|-----------|--|
| <p><b>Anti-tax rises</b></p>   | <p>31</p> | <p>“Council Tax has risen year on year and mostly by the highest amount allocated. Coupled with this next year brings the increase in National Insurance which is supposedly to fund adult social care, therefore why is the adult social care element still on the Council Tax? It should be completely removed, it’s getting taxed twice for the same thing.”</p> <p>“Taxes should be cut over the next many years during this period of uncertainty to support families and livelihoods.”</p> <p>“I pay too much in taxation, often for a reducing / bad / quality of service.”</p> <p>“We cannot keep paying out for other people.”</p> <p>If the council was offering a fair pay rise across the workforce (as requested by the unions) then a tax increase could be defended.”</p> |
| <p><b>Efficiency-</b><br/>We need to be more efficient, get better value for money</p> | <p>16</p> | <p>“Because you waste too much money on unnecessary projects.”</p> <p>“Services are inefficient and you need to improve not ask for more money.”</p> <p>“The council need to look at all its activities and cut back on projects that are completely not needed.</p> <p>“Better management needed, wastage on road schemes and other housing projects and investments need to be addressed.”</p> <p>“NCC should change spending priorities from Transport (for example) to adult social care, the emphasis on transport . cycle lane etc have no effect on our lives in the coastal villages.”</p>   |
| <p><b>Central government funding</b></p>   | <p>14</p> | <p>“Why should we have to pay more for services which are getting less and should be funded by central government anyway.”</p> <p>“I do understand that the government needs to put in more to help but you cannot let those in need go without.”</p> <p>“We should have more funding from central government.”</p>  |

|   |    |  |
|---|----|--|
|   |    | <p>"Got no choice. In reality we need the services and can't trail government is not providing enough support."</p>  |
| <p><b>Tax system criticisms</b><br/>Comments about the tax system in general</p>        | 14 | <p>"There is a massively untapped resource in second homes. If all second homes contributed 100% council tax, surely you'd get the revenue you need that way? My opinion is that if people want to live here part of the year, they have to support the area 100%. All year."</p> <p>"I would suggest that for houses in bands 1-2 the increase should be 1% or not increased at all. For bands 3 and 4 the increase should be 1-2% and for bands 5-6 the increase should be 2-3% and for bands 7-8 the increase should be 3-4%. The council tax burden should be on the wealthier people in Norfolk not the low income families living in smaller or less valuable properties. This approach would probably generate a higher yield than increasing the council tax charges by the same percentage across the bands."</p> <p>"I am happy to pay the increase but the council's need to stop the massive discounts for holiday homes council tax. The people who have holiday homes in Norfolk need to pay more council tax, this would allow the council to better meet the budget responsibilities. Local people should not be paying to maintain roads refuse collection's and other services that holiday home owners get to use a a discounted rate."</p> |
| <p><b>Go further -</b><br/>More needs to be done to fund and protect vital services</p> | 5  | <p>"The increase should be the maximum allowed, which I believe you say is a further 1%. It is crazy to have an increase which may well be below the level of inflation. I accept that some may not be able to pay, but there should be adequate rebates in place for them. Many of us, especially retired people, can easily afford the full increase and shouldn't be subsidised by free bus passes, etc when crucial services are being cut."</p> <p>"Adult Social Care is in crisis with many people not receiving the care that they need. if you can increase council tax by 4% you should do so and spend the extra on Social Care. I do understand that the government needs to put in more to help but you cannot let those in need go without."</p>  |

|  |  |  |
|--|--|--|
|  |  | “Further radical savings should be found by combining local government tiers i.e. district and county levels must amalgamate and stop overlap and duplication from front line to executive level.” |
|--|--|--|

**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 2022-23**

| Key themes  | No. | Illustrative quotes (verbatim)  |
|---|-----|---|
| <b>Central government funding</b>   | 5   | <p>“I believe the government should provide a greater more fair grant and the council should lobby to achieve this although suspecting that this will not happen I reluctantly agree that additional spending on essential services will need an increase in council tax”</p> <p>“I feel the government should be increasing funding to local authorities.”</p>   |
| <b>More information required</b>  | 3   | <p>“I do not know as to whether there should be an increase or decrease since you have failed to tell me what next years budget and expenditure will be.”</p> <p>The efficiency or non efficiency of departments in operations and resultant expenditure is not known.”</p>   |
| <b>Efficiency -</b><br>We need to be more efficient, get better value for money | 3   | <p>“I have worked for a council in the past and seen huge waste. Things were done in ways that, if a private company was running the same way, it wouldn't last five minutes. Councils generally are top heavy and when there are cuts it's usually the hardest working and least well paid that suffer. As such, I don't really know enough about finer detail to either agree or disagree.”</p> <p>“I am able to meet the increased charge and am entirely willing to pay more to enable improved and extended services. I have yet to be assured, however, that council services are provided efficiently. I am very concerned that statutory service liabilities are not fulfilled while very much staff time is spent on projects which, although desirable if they stimulate the local economy, are not essential.”</p> |

|   |   |   |
|---|---|---|
| <b>Go further</b><br>More needs to be done to fund and protect vital services | 2 | <p>“If we need more we need to set the rate higher.”</p> <p>I think that you need to raise more money in order to be able to provide adequate services, and so maybe the increase should be larger.”</p>  |
| <b>Cost of living</b>   | 1 | <p>The cost of petrol, utilities, food is going up and peoples incomes are not rising accordingly and many are still on zero hour contracts and struggling to provide for their families and more frequently having to access food banks and charitable organisations for help”</p> |

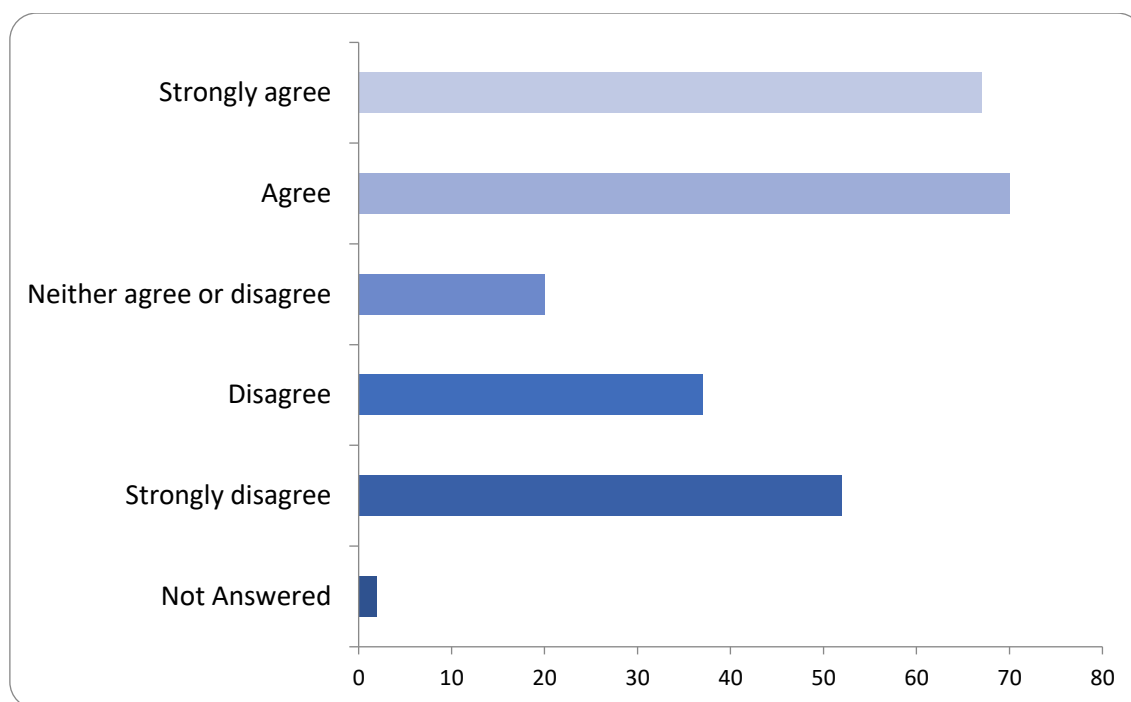
## 8. Feedback: Adult Social Care Precept

### Q: How far do you agree or disagree with our proposal to increase the Adult Social Care precept by 1.0% in 2022-23?

We asked how far people agreed or disagreed with our proposal and 246 people responded to this question. Of these:

- **137 (55.25%) were in agreement**
  - 67 (27.02%) said they strongly agreed
  - 70 (28.23%) said they agreed
- 20 (8.06%) said they neither agreed nor disagreed
- **89 (35.89%) were in disagreement**
  - 37 (14.92%) said that they disagreed and
  - 52 (20.97%) said that they strongly disagreed
- 0 (0%) said they did not know

### Chart 2: How far do you agree or disagree with our proposal to increase the Adult Social Care precept by 1.0% in 2022-23?



Those **strongly agreeing** (67) or **agreeing** (70) with the proposal tend to cluster feedback around these themes/perceptions (in descending order of frequency):

- services need **protecting** (and therefore need funding)
- needs must so the funding is **necessary**
- generally **supportive** of our proposal
- people who work in **care** should be paid more
- **central government** should be providing **more money** to fund adult social care

Those **disagreeing** (37) or **strongly disagreeing** (52) with the proposal tend to cluster feedback around these themes/perceptions (in descending order of frequency):

- opposed to **tax rises** to fund the adult social care precept
- suggestions to **go further** by finding more savings or increase the adult social care precept to a higher rate
- comments about **central government** operations
- **criticism** about our **tax system** in general

Other prominent themes amongst those **neutral** 20 or where the same theme is mentioned both by those agreeing and disagreeing, include:

- proposals are insufficient and **need more information** in order to evaluate and form opinions
- **criticism** about our **tax system** in general

**Table 4: Analysis of feedback from people who agree/strongly agree with the proposal to increase the Adult Social Care precept by 1% in 2022-23**

| Key themes              | No. | Illustrative quotes (verbatim)  |
|-------------------------|-----|---|
| <b>Protect services</b> | 49  | <p>"I feel that adult social care needs to be supported the most of all the services currently provided by NCC."</p> <p>"Adult social care is a vitally important service."</p> <p>"We have an aging population, especially in parts of Norfolk. Care and support has to be paid for."</p> <p>"My own personal experience has been that without a well-funded care system, my loved ones would have had a very negative experience during the last phase of their life."</p> <p>"Social care for adults given the current demographic is extremely important to give those who need it and their families and friends peace of mind that they will be cared for. Staff and carers in the sectors need adequate salaries and terms and conditions."</p> <p>"The county has a bias to an older population which has greater need for services. So there will be a proportionate increase in demand"</p> <p>"Money well spent as long as it does get spent on the services needed."</p> <p>"Somebody needs to look after the vulnerable, not all of whom have relatives to do so."</p> <p>"A society is judged by the way it cares for it's vulnerable members. That is why the finance needs to be there to provide their care."</p> <p>"There is an immense pressure on Adult Social Services with increasing numbers of people reliant on support."</p> |
| <b>Necessary</b>        | 30  | <p>"It is needed"</p> <p>"Costs are rising, it is a fair increase."</p> <p>"Sounds realistic in the current climate"</p> <p>"Present adult social care provision is inadequate"</p>   |

|                                   |    |   |
|-----------------------------------|----|---|
|                                   |    | <p>"It's clear this is a priority area;"</p> <p>"Adult social care demand needs to be met"</p> <p>"I feel older more vulnerable people have been, and still are, somewhat overlooked - especially during these difficult times. A 1% increase in funding will help a little to provide a better service."</p> <p>"Where else can the money come from? there's no magic pot"</p> <p>"Adult social care is only going to be increasing, as the demographics of the county alter slowly to include more and more elderly residents."</p>               |
| <b>Supportive</b>                 | 31 | <p>"Money well spent as long as it does get spent on the services needed."</p> <p>"Costs are rising, it is a fair increase."</p> <p>"If part of the increase is ringfenced for adult social care as described then this is good for Norfolk and for our community."</p> <p>"With the number of elderly increasing then we must have in place properly and fairly funded care."</p> <p>"Services need to be maintained and grown. The money has to come from somewhere."</p> <p>"Given all the constraints these seem a fair set of priorities."</p> |
| <b>Pay care staff more</b>        | 4  | <p>"The people who work in elderly care, should be paid a reasonable rate for doing a very difficult and draining job."</p> <p>"In England, I believe I'm right in saying carers don't earn as much as an unemployed person on job seekers allowance, which is an absolutely scandalous situation."</p>   |
| <b>Central government funding</b> | 4  | <p>"The rising cost of adult care should be dealt with by national government."</p> <p>"Adult care (alongside services for childrens and families) have been under-funded for several</p>   |

## Appendix 5: Norfolk County Council Budget Consultation report 2022-23

|  |  |   |
|--|--|---|
|  |  | <p>years. Much more needs to be done for those implicated which means local and central government putting more in.”</p> <p>“All possibilities for saving and funding from central government need to be explored.”</p> |
|--|--|---|

| Table 5: Analysis of feedback from people who disagree/strongly disagree with the proposal to increase the Adult Social Care precept by 1% in 2022-23 |     |  |
|---|-----|--|
| Key themes  | No. | Illustrative quotes (verbatim)   |
| <b>Anti-tax rises</b>   | 28  | <p>"As far as I know central government has increased taxation to pay for social care so why are you asking for a further increase"</p> <p>"I think the amount paid into adult social care is enough."</p> <p>"Make cuts instead"</p> <p>"I, like lots of others, do not have a magic money tree."</p> <p>"make savings from current budget."</p>  |
| <b>Go further -</b><br>More needs to be done to fund and protect vital services   | 27  | <p>"We should increase the Adult social care precept by the maximum amount to protect and fund services - I understand that this could be by a further 1% and should be 2%"</p> <p>"It needs to increase by more."</p> <p>"It seems that you need more money than 1 per cent will raise."</p> <p>"As before - if this rise will not result in improved social services, then the rise needs to be increased by more."</p> <p>"It is clear that this will be insufficient to sustain services at current levels"</p> <p>"Probably need to spend more on Adult Social Care"</p> <p>"Should be higher"</p> <p>"Not enough"</p> <p>"Will such a precept enable realistic funding of Adult Social Care? Can the council increase it to 1.5%?"</p> <p>"The maximum precept allowed of 2% should be applied."</p> |
| <b>Central government</b>   | 12  | <p>"Adult Social Care is grossly underfunded due to years of central government choices of austerity."</p>   |

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|  |    | <p>“Somebody has to pay for services if the government will not.”</p> <p>“It is hoped that the government will eventually publish some meaningful and budget plans for addressing the growing social care problems that exist but until they do any such plans give the council some relief an increase is inevitable.”</p> <p>But really the government should provide more money for local authorities to meet the costs of adult social care, rather than just giving money to the NHS all the time and continuing to under-fund adult social care.”</p> |
| <b>Tax system criticisms -</b><br>Comments about the tax system in general | 11 | <p>“Charge those with more disposable income or substantial assets.”</p> <p>“Many Adults in Social care live with relatives who receive benefits, including vehicles and therefore they should pay more from these benefits</p> <p>“I was led to believe that was the reason we are paying more NI to improve social services so why are we contributing via the council also?”</p> <p>“People are already having to pay extra national insurance to cover this.”</p>   |

**Table 6: Analysis of feedback from people who answered ‘neither agree nor disagree’ or ‘don’t know’ when asked their view on the proposal to increase the Adult Social Care precept by 1% in 2022-23**

| Key themes                       | No. | Illustrative quotes (verbatim)   |
|----------------------------------|-----|--|
| <b>More information required</b> | 4   | <p>“I would like to see more data on the results of these increases, e.g. what the extra funding has achieved”</p> <p>“I’m unclear if this is an increase in real terms...but assume it isn’t?”</p> <p>“Not understood”</p> <p>“Same as above, not accessible to all.”</p> |
|                                  | 3   | <p>“Please campaign for a fairer council tax system.”</p>  |

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| <b>Tax system criticisms -</b><br>Comments about the tax system in general |  | <p>"lack of confidence in additional funding going to NHS"</p> <p>"If it is ring fenced then possibly but funding social care like this doesn't work and hasn't done for years."</p> |
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## 9. Feedback: Adult Social Services

142 people commented on our budget approach and proposals for Adult Social Services. The key themes to emerge are briefly summarised below. (number of mentions and illustrative quotes given in table 7):

- several people who commented on Adult Social Care savings, **were explicitly anti any savings being made** to Adult Social Services
- however, a similar amount of people, **were supportive of the measures**
- people wanted **vital services to be protected**, especially those that help the most vulnerable.
- respondents suggested the council could spend their existing budget **more efficiently**
- some respondents expressed concern about the council's '**Digital by Default**' strategy, fearing it could exclude those who are not good with technology
- respondents were **broadly positive** regarding the council's strategy of early intervention and prevention
- support for **independent living**
- respondents were broadly in favour of more **supported housing for younger adults**
- support of **renegotiation of existing contracts**
- scepticism from some over the proposed increase in **Self Directed Support**
- some concern expressed over the review of '**Double up care packages**'

| Table 7: Analysis of generic feedback on Adult Social Services proposals |     |   |
|--|-----|---|
| Key themes   | No. | Illustrative quotes (verbatim)  |
| <b>Anti-savings</b>  | 22  | <p>"Stop making savings and provide better care"</p> <p>"Savings? cutting cost more like."</p> <p>"I think the services available in adult social care are already pared down as far as possible. The NHS is really struggling, particularly in mental health services. To make further cuts in this area is only going to impact people with mental health problems further. I don't think NCC should be looking to make savings in adult social care. Rather we should be investing more in adult social care. We are already unable to provide timely and effective services for many of our older and more vulnerable people. We should not be looking to cut</p> |

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|                         |    | <p>services further. I think it would be very beneficial to provide more extra care housing for younger people, rather than residential placements. This requires upfront investment. I have a lot of concern about people losing double up care packages when they need manual handling by 2 carers. I have concerns about this on the health and wellbeing of the carers who are already over worked and struggling to manage in the time that they have. Unpaid carers will be impacted negatively by this too.”</p> <p>“This is a regressive decision. Other creative methods of saving costs in required”</p> <p>““There is no room for savings.”</p>  |
| <b>Supportive</b>       | 20 | <p>“I think you are right to focus on those areas of most demand to ensure these are targeted to those in most need but addressing any potential mis application of funding”</p> <p>“I fully support these aims, though I would also be considering connecting with other resources which are available, such as the amazing volunteer response and community commitment, which came from the Covid pandemic, and NHS Norfolk and Waveney Community Transformation programme, which is also working towards the same aims.”</p> <p>“The plans sound good so long they are implemented in an effective manner and are evaluated regularly.”</p> <p>“Given all the constraints these seem a fair set of priorities”</p> <p>“It is a well-balanced approach.”</p> <p>“It seems a comprehensive plan and I hope it can be implemented!”</p> <p>“It all sounds good, however, as long as the most vulnerable are not losing out with their care, then yes it is ok.”</p> |
| <b>Protect services</b> | 15 | <p>“We do need services and many if not all are already stretched to the limit.”</p>  |

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|   |    | <p>"We should not be cutting back on care for the vulnerable."</p> <p>"The number of older people is going to continue to increase, however and wherever they live."</p> <p>"If anyone needs care whatever their age it should be available."</p>   |
| <p><b>Efficiency -</b><br/>We need to be more efficient, get better value for money</p> | 13 | <p>"I don't think you should be looking to save but make things more efficient, reinvest and invest more by cutting recycling collections to monthly."</p> <p>"I'm afraid some of the elements just read like a lot of hot air eg. Recruitment / Retention Strategy, others seem to be renegotiating contracts that should have been got right first time around."</p> <p>"I also believe very strongly that more joined up working between adult and children's services and whole family support, would reduce costs and duplication of services massively."</p> <p>Stop buying brand new chairs and desk equipment when people are working from home all the time. Recycle the equipment like the NHS have to do."</p> <p>"The National Audit Office has produced the figures that demonstrate that supporting just 8% of high-functioning autistic adults will result in savings of £67 million a year. Giving autistic people greater support will produce savings in the long run - that's how to make savings, not what you're proposing."</p> |
| <p>Commenting on the '<b>Digital by default</b>' part of the council's strategy</p>     | 6  | <p>"Digital by Default - this doesn't work for everyone and there should always be an accessible alternative if requested"</p> <p>"Embracing digital by default will exclude the vulnerable and disadvantaged."</p> <p>"I am concerned about being digital by default. It's certain for the older generations that there is a large number who struggle with digital technology. You must have alternative methods that work quickly ie not a phone number that A doesn't get answered or B there is a horrendous wait till you speak to a person"</p>  |
| <p>Commenting on the '<b>A healthy Integrated</b></p>                                   | 7  | <p>collaborate with the NHS and other health care providers in a positive way to deliver on the ICS."</p>   |

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| <p><b>Care System' part of the council's strategy.</b></p> | <p>"In theory it is excellent. Keeping people independent and out of long term care facilities saves money. Full stop. Having an integrated social care system with the NHS means that people will be able to come out of hospital when they finish their immediate hospitalisation needs, and not weeks later. The current system clogs up the hospital with elderly patients who wish to go home or to care homes but cannot due to a variety of systematic factors. Let's make the systems work by integrating it all, and raising salaries and make a career structure for care workers to attract people to the profession."</p> <p>"An integrated approach to Rehabilitation and Recovery is essential to reduce long term care costs for both health and social care. Specific work is needed to:</p> <ul style="list-style-type: none"> <li>a) review community therapy services for adults and older people across Norfolk which is currently inequitable and based on historic patterns of NHS investment in this area. A more integrated skills based approach to workforce planning is needed bringing together NHS / Social Services and Voluntary sector organisations directly employ therapists e.g. Headway</li> <li>b) ensure better on line one stop shop support for carers on where to get help and equipment / nursing supplies / support when needed quickly. Current carers packs could do with some better signposting in some areas e/g continence products and how to return equipment.</li> <li>c) Investigate using transformation funds better use of technology to support patients self help rehabilitation and remote support in the community, ( with short term loans of i pads or laptops to help them if needed. ) tap into current research into this area via UEA .</li> <li>d) Explore more use of peer mentors for people with long term conditions being discharged into the community. A model of these are currently being piloted by Headway Norfolk and Waveney funded by the lottery for the next three years. These volunteers get a great deal from the experience, are supported and also help other patients to problem solve and find creative solutions to the challenges they face.</li> </ul> |
|--|--|

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|   |   | <p>There are lots of creative ways you need to explore to help people be more independent and resilient within their local communities.”</p> <p>“To be more robust in using an asset based approach, as prevention is a better route than cure.”</p> <p>“To have more robust conversations with providers on the funding of their services and be more aware of the financial structures they operate under - should tax payers money finance investor dividends.”</p> <p>“To take a strategic approach to which providers to work with and support and which to move away from based on quality, financial strengths and the ability to offer enhanced support.”</p> |
| <p>Commenting on the <b>‘Investing in early intervention and targeted prevention’</b> part of the council’s strategy.</p> | 6 | <p>“Spending money on prevention always pays in the long run; this is particularly true in housing”</p> <p>“I think more emphasis should be on early education about health. Exercise and healthy eating prevents a lot of issues later on. We should be looking at health holistically from an early age to prevent the amount of adult social care that is needed later on caused by smoking, bad diet and lack of exercise.”</p> <p>“I like the idea of spending on preventing issues rather than fixing things later.”</p>  |
| <p><b>Pay carers more</b></p>   | 4 | <p>“As long as carers are properly paid for the work they and people are able to use or access the internet, then I would probably broadly agree with the plan.”</p> <p>“Let’s make the systems work by integrating NHS and social care, and raising salaries and make career structure for care workers to attract people to the profession.”</p> <p>“The people who work in elderly care should be paid a reasonable rate for doing a very difficult and draining job.”</p>   |
| <p><b>Central government</b></p>  | 3 | <p>“I thought austerity had ended?”</p> <p>“All are sensible given your constraints. Government is asking the impossible.”</p>  |

|                               |   |  |
|-------------------------------|---|--|
| <b>Promoting independence</b> | 3 | <p>“As someone who has dealings with adults in the community I agree with their leading an independent life, with support”</p> <p>“In order to reduce the costs of supported living, Disabilities Facilities Grants should be more accessible to all, who can stay at home with family.”</p> |
|-------------------------------|---|--|

We also received feedback relating to some of the specific Adult Social Services savings proposals.

**Table 8: Comments on each specific Adult Social Services proposal**

| Proposal   | No. | Illustrative quotes (verbatim)   |
|--|-----|--|
| <p><b>ASS-22-23-002</b><br/>Delivering a saving through an accelerated Supported Housing Programme</p> | 6   | <p>“Focus on alternatives to residential care homes is positive - as is utilising therapists to review large packages of care (as health are currently not providing valuable physiotherapy in the community - even post hospital discharge)”</p> <p>“I think it would be very beneficial to provide more extra care housing for younger people, rather than residential placements. This requires upfront invest”</p> <p>“I feel that there is a risk with such places that the individual may become reliant on such services and therefore slow progression, whereas examples such as yourownplace where they have a training flat might be a better approach.”</p> <p>“Driving Housing Solutions is a very sensible way to improve peoples lives and control the costs, your approach should work, especially if it can be integrated with other agencies and fund holders.”</p> <p>“This just means leaving people in need in their own places with very little care and attention to physical and mental needs”</p> <p>“This is all too little too late. Investments in housing should have been being made over the past 20 yearsI deplore a council that on one hand</p> |

|   |   |   |
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|   |   | says it wants to invest in affordable housing for young people on one hand, then on the other sub contracts out the management of its housing (now to Victory Housing) who have a policy of too often selling off empty housing to private investors and developers which removes those properties from being affordable to young people.”  |
| <b>ASS-22-23-003</b><br>Recognising additional benefits from our existing savings programme | 6 | <p>“why Norse care? I’m sure there are other great providers who might be able to provide a better deal.”</p> <p>“Yes, I do feel the managing of housing with care (HWC) sites needs to be taken away from Norse (not the provision) as we have people who are appropriate for HWC that are often refused and they want the people who hardly need any help which are the people that we wouldn't be putting into HWC. HWC should be more flexible with the amount of hours that some individuals can more than it is now”</p> <p>“In the current economic climate of higher inflation and coupled with skill shortages in this sector it is unlikely that contract renegotiation will see a saving.”</p> <p>“I strongly agree with renegotiation of contracts, especially those with Norse. It is good business practice to regularly assess contracts to ensure value for money and that standards of service are maintained. Private companies do this as a matter of course and I would like to believe that councils, as they are significantly funded by the public, would be even more inclined to do so”</p> <p>“Why do we still pay for placements in Housing with Care when flats are empty? Surely the contracts can be re looked at.”</p> |

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|---|---|---|
|   |   | <p>"I understood Norse services are beinb brought back into local control?"</p>   |
| <p><b>ASS-22-23-008</b><br/>Expansion of Self Directed Support</p>                                  | 3 | <p>"Direct payments - yes but it is so difficult to get these in place and costs far too much in time and resources. "</p> <p>"Direct Payments do not always work well for clients. People already go to their families first and carers need support not being asked to take on more."</p> <p>"With regard to Direct Payments to service users: all well and good provided that there are care providers easily available."</p>  |
| <p><b>ASS-22-23-012</b><br/>Double up care reviews</p>  | 3 | <p>"I have a lot of concern about people losing double up care packages when they need manual handling by 2 carers. I have concerns about this on the health and wellbeing of the carers who are already over worked and struggling to manage in the time that they have. Unpaid carers will be impacted negatively by this too."</p> <p>"I do not believe that care packages should be cut. I would like to see services brought back in house."</p> <p>"Double up care reviews must not reduce the care individuals need. Will the care by a single person be allocated additional time to compensate?"</p> |
| <p><b>ASS-22-23-001</b><br/>Recognising additional benefits from our existing savings programme</p> | 2 | <p>"I feel that instead of building new care homes, we should be focusing on ways the individual can thrive and live within their own home, whist uterlising VCSE support."</p> <p>"It is difficult to disagree with the theory of providing additional housing units. However, such units were available in the city but the support to the residents was removed some years ago. The risk of encouraging older people to move into such</p>   |

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|   |   | housing with the risk of seeing the support removed again will make families understandably nervous.”   |
| <b>ASS-22-23-004</b><br>Recognising additional benefits from our existing savings programme | 1 | “Why is the Norse care being cut by just million when this is a in house service and yet 5.5 million is being cut from the so called ”the front door” Adult social care which is where the money would be better used.”   |
| <b>ASS-22-23-005</b><br>Improving market utilisation and delivering efficiencies            | 1 | “Disagree with savings from contracts where this is likely to impact on the level and quality of service and present a risk to contractors being unable to deliver or fail.<br><br>Collaborate with the NHS and other health care providers in a positive way to deliver on the ICS.”   |
| <b>ASS-22-23-006</b><br>Learning Disabilities transformation                                | 1 | “The learning disabilities budget savings are disproportionate and unfair the 4 million cut is far too much. This Council appears to be uncaring and exercises disability discrimination.”  |
| <b>ASS-22-23-007</b><br>Mental Health Care Model Review                                     | 1 | “I read a lot of the “explore different pathways” as cut services that are there. When you are review how we support people with mental health needs that will do doubt be to raise the bar for support higher. I’ve already waited two years for mental health support and now I’m being told to try something I have done 3 times and has never worked” |
| <b>ASS-22-23-011</b><br>Recruitment and Retention Strategy                                  | 1 | “Surely there is currently a targeted approach to recruitment and retention, so what is wrong with the current model?”  |

## 10. Feedback: Children’s Services

128 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 9):

- desire for council **not to make any savings** in children’s services
- recognition that **services should be protected** and need funding
- become more **efficient** in how services are delivered
- benefits of **prevention and early intervention** to reduce later impacts
- general **supportive** statements in relation to savings
- suggestions around more work in the **community**

**Table 9: Analysis of generic feedback on Children's Services proposals**

| Key themes          | No. | Illustrative quotes (verbatim)   |
|---------------------|-----|--|
| <b>Anti-savings</b> | 27  | <p>"Making cuts to children's services is effectively failing the future of Norfolk"</p> <p>"Children's services are in crisis at this time so this action is totally inappropriate. The council should be making it's greatest efforts to get investments and not decreased funding for social services."</p> <p>"I don't think we should be looking to make savings in children's services. They are already stretched beyond capacity. I think we really need to rethink our priorities. I think we should be spending money on the things that are important. Social care for adults and children should be our priority."</p> <p>"I do not agree with any cuts to children's services. Services are already at crisis point following the closing of children's centres."</p> <p>"I think this is shameful - the Service is already squeezed and has problems being effective and LAC numbers continue to rise and mental health support is poor and yet more cuts!!!"</p> <p>"Why would you want to make savings in this area? Surely more should be spent to provide all that young people need so they all have a chance to live healthy, happy lives."</p> <p>"Children need better care and better services. Stop trying to make savings and improve care"</p> <p>There is no room to make any further savings to children's services. If anything the budget should be increased."</p> <p>"Children's Services should be a priority and savings not made"</p> <p>"Savings equals cuts. Don't make cuts to children's services."</p> |

|                                |           |   |
|--------------------------------|-----------|---|
| <p><b>Protect services</b></p> | <p>18</p> | <p>“Children’s education and care is paramount to providing a next generation of worthwhile taxpayers so this is a no brainer.”</p> <p>“Recent headlines prove all children’s services need revamping and that would cost money.”</p> <p>“If at all possible I would like to see the cuts proposed to be reduced even further in this area. Education and support for the up and coming generations is a must.”</p> <p>“Scrap the Norwich western link and use the money saved from that to increase spending on children’s services.”</p> <p>“Pressure on Children’s Services from social care and schools / academisation is extreme and the services provided are vital to good outcome and services and we should support to the maximum extent, not require further savings at this time.”</p> |
|--------------------------------|-----------|---|

|   |           |   |
|---|-----------|---|
| <p><b>Efficiency -</b><br/>We need to be more efficient, get better value for money</p> | <p>18</p> | <p>“Extend your existing Savings Programme. But for goodness sake, spend the huge amount of money we are giving you efficiently. Because currently, there is no sign of that being the case.”</p> <p>“Define 'different ways of working' - there needs to be more thought about the amount of work you are asking other agencies to do - for example schools with the new EHC forms - duplication of effort is not efficient or cost effective.”</p> <p>“So much money is wasted in sending children to school miles away from home. Build more specialist schools in Norfolk to reduce transport costs and residential placements which don't need to be!”</p> <p>“The money that is being paid to private companies to house and look after children is shocking, this could be reduced by 10%”</p> <p>“You need to focus on quality of practice in safeguarding, building resilience and lowering caseloads which has less cost implications. Getting good quality care resources in house send local, which will have an initial high cost but should create savings once there is less reliance on out of county and extortionate (and often not great quality) provisions. This is best for children too”</p> |
| <p><b>Prevention and Early Intervention</b></p>   | <p>17</p> | <p>“I like the idea of prevention around the edge of care; this is an important feature and should lead to longer term savings if more children were considered in this approach.”</p> <p>“More preventative services needed for young people to reduce risks of exploitation.”</p> <p>“If there is more provision for early intervention surely that would decrease the need for more support later in particular with regards to mental health.”</p> <p>“Early intervention and specialist support (eg. around emerging mental health issues and abuse within families causing trauma) are in my view, the areas for investment, preventing our young people entering the care system further down the line.”</p>   |

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| <b>Supportive</b>      | 9 | <p>“as long as no children are disadvantaged then I would broadly agree with the plan”</p> <p>“these services are in great need of improvement, hopefully this will be delivered”</p> <p>“Sad that budgets are low, but on paper again seems ok”</p> <p>“The good news is to save money. It is a trivial question that this place cannot be formulated as to whom more money should be allocated and where savings can be made. This is huge money - trillions need to be used efficiently.”</p> <p>“Again as long as this does not have a knock on affect on children's lives it is fine..”</p> |
| <b>Community links</b> | 3 | <p>“I feel that working with families as a whole and being able to work closer with the community networks these families are situated in would bring massive resources to children's services and in the long term reduce costs.”</p> <p>“Explore more options for community based services where other parents and families can contribute. This could complement the services currently offered in this space.”</p>   |

**We also received feedback relating to some of the specific Children’s Services savings proposals.**

| Table 10: Comments on each specific Children’s Services proposal                |     |  |
|---|-----|--|
| Proposal  | No. | Illustrative quotes (verbatim)   |
| <b>CHL-22-23-001</b> - Prevention, early intervention and effective social care | 6   | <p>“Understand the approach you are taking but planned respite care in its many forms if essential for families caring for children with complex needs.</p> <p>Co-production of services with children/ young people and families is essential in getting the services right.</p> <p>more preventative services needed for young people to reduce risks of exploitation.”</p> <p>“This is a vital area, Early years gives all children a good start, supporting vulnerable children and families will save money in the long term”</p> |

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|  |   | <p>“Proposal is to expand our 2019-20 saving CHS001: Prevention, early intervention and effective social care –Investing in an enhanced operating model which supports families to stay together and ensures fewer children need to come into care. - How does 'investing in an enhanced operating model' lead to reduction in spend?”</p> <p>“We should be focusing on universal, community based, local service delivery with a long term prevention strategy. Not targeted prevention services. The problems of increasing numbers of young people in care and the cost of home to school transport and educational provision for those with additional needs have been with us for 30 years. the solutions proposed; alternatives to care and impacting on the care market are the same old tired solutions that we have been trying for much of that time too. They haven't worked before. Why should they work now?”</p> <p>“I like the idea of prevention around those on the edge of care; this is an important feature and should lead to longer term savings if more children were considered in this approach.”</p> <p>“How confident are you that the savings being described above will not have a negative impact on the safety of children identified as being at risk? CHL22-23-001 are these the net savings that will be made as as result of reducing the costs of children being placed in care following significant additional investment in prevention, early intervention and effective social care?”</p> |
| <p><b>CHL-22-23-004 -</b><br/>Finding school places closer to home for children and young people with Special Educational Needs and Alternative Provision requirements</p> | 5 | <p>“Although saving from building new SEND places closer to where children live - this takes time and assumes no new pressures. Without changes to the law and process for children with EHCPs the past few years has suggested this is a real challenge.”</p> <p>“I am not convinced that under saving CHS007 by finding school places closer to home that transport costs will be reduced significantly and they may even become more expensive. It is clear from the information shown on your contracts register that some shorter journeys are more expensive than longer journeys and it is the</p>   |

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|  |  | <p>location of transport companies and their staff which maybe have a bigger influence on costs than the location of the passengers. For example a child living in Great Ellingham may cost more to transport to the nearest SEN school Chapel Green at Old Buckenham than say Norwich. There is likely to be less competition for a start to transport the child to Old Buckenham and a Norwich based company can undertake work within Norwich immediately their journey is complete. there are few opportunities for journeys in Old Buckenham”</p> <p>“if mainstream education was more fluid there would be less need to segregate some pupils. maybe all schools should work to a SEN model rather than having distinct schools? It would help with integration and the removal of prejudice”</p> <p>“Inclusion (Home to School Transport) by finding school places closer to home for children and young people with Special Educational Needs and Alternative Provision requirements. - Not sure this is a realistic target. Where will these places come from, how will the school staff their provision to meet the needs of the children, will this lead to property spend and therefore not make any overall savings?”</p> <p>“I have a friend with an autistic child, he is taken to and from a special school approximately 40 miles away by taxi, every day. The cost to the local authority must be immense, surely there must be a more efficient way to do this.”</p> |
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## 11. Feedback: Community and Environmental Services

**133** people commented on our budget approach in Community and Environmental Services. The key themes to emerge cluster as below (number of mentions and illustrative quotes given in table 11):

- focus on **environmental targets and issues** with sufficient funding, references to reducing road building
- **support for library services** and concerns about proposed savings
- recognition of the importance of increased **recycling**, specific worries about trade waste and fly tipping
- become more **efficient** in how services are delivered
- similar numbers of comments in **support** of and in **opposition** to any savings being made

- concerns about proposed savings in the **Fire Service**

| Table 11: Analysis of generic feedback on Community and Environmental Services proposals  |     |   |
|---|-----|---|
| Key themes  | No. | Illustrative quotes (verbatim)  |
| <b>Resource -</b><br>Comments on how respondents feel financial resources should be managed   | 29  | <p>“there should be an increase in this area and not savings ,particularly given in mind what is required during a climate crisis”</p> <p>“Just tinkering , moving monies from one department to another, expecting businesses to agree to reduced costs but no real changes in NCC personnel who may not have the appropriate knowledge or the correct attitudes for change”</p> <p>“why not Not build the western link, that will save even more and be far better for the environment. Don't pursue a sunk cost fallacy “</p> <p>“I am concerned over areas where you propose reduction of costs with suppliers and creating what you define as “efficiency savings” which simply is cost reductions.<br/>So even if you get a supplier to say yes, where do you think that saving will come from?<br/>It will be in a reduced service, reduced number of personnel, or reduced hours dedicated to the service they provide you.<br/>Lower costs does NOT mean better value. It may mean cheaper but it will be provided with a lower quality and a lower care and eventually that will lead to additional and higher costs.”</p> <p>“I feel that working closer with communities, so they have opportunities to volunteer and take ownership of the amazing heritage and space we have, would bring massive resource to this area, and would reduce council workload”</p> |
| <b>Environment -</b><br>Comments from respondents with an environmental theme<br><br><b>Environment -</b><br>With specific reference to roads | 14  | <p>“As Climate Change is at the top of everyone's agenda &amp; the downfall of communities a close second, there should be no cutting corners on these 2 areas. They both need full attention, or we will be looking a disastrous future for all”</p> <p>“Inasmuch as 'Environmental' is in the title this seems the only place to make any comment about the overwhelming need to put sustainability at the forefront of all decisions being made. And for this</p>  |

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|                         |    | <p>the top priority is to reduce carbon. Thus all budgetary decisions should take this into account.”</p> <p>“there should be an increase in this area and not savings ,particularly given in mind what is required during a climate crisis”</p> <p>“There is no mention of funding in support of the environmental strategy. I would have expected a commitment to invest in the development of renewable energy and energy storage, which brings both economic and climate change benefits”</p> <p>“No reference is made to the planned western link road and the ability to fund this at a time when the current road infrastructure is not adequately maintained and cuts are being made to other council services. Assuming the road is built, which really should be re-considered, this situation will be worsened when payments for the borrowing to construct the road start. This is irrespective of the negative impact on the Wensum valley and the council's climate change responsibilities.”</p> <p>“Stop building roads and reinvest the money into environmentally sound projects.”</p> |
| <b>Supportive</b>       | 11 | <p>“broadly agree, although i would have concerns about reducing/ceasing library services to schools, does this plan mean job cuts?”</p> <p>“seems a sensible across the board approach”</p> <p>“savings proposals seem reasonable”</p> <p>“All seem sensible. My only concern re recycling is whether the approach to trade recycling might increase the level of fly tipping”</p> <p>“Generating income is a good model but the services have to be high quality to compete”</p>   |
| <b>Library Services</b> | 11 | <p>“I do not believe that services should be cut, in particular, I object to removing the - . Education Library Service subsidy.”</p> <p>“Without eroding the value of profesional paid staff in libraries and museums service make use of voluteers in appropriate roles in a similar way as</p>  |

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|                     |    | <p>volunteers have supported the clinical staff in vaccine program.”</p> <p>“The library and museum service have been marvellous. The book bag idea in a mobile can in days when library was closed was fantastic. We need our minds feeding as well as our bodies. I feel lucky to live in this city with such a wonderful library.</p> <p>“I think this department works well and is the key to local communities recovering from the pandemic. I have great support for local libraries which is my opinion is the best department of the County Council.”</p> <p>“We should also maintain the Education Library Service—this should not be cut. Again, it is minute savings (albeit some savings) but needs to be maintained. Support of reading and literary and education is a vital task for the county, as our education statistics in the past are often not a credit to the county.”</p> <p>“I don’t agree with the withdrawal of funding for the 2nd Air Division memorial library. £13k is a small sum of money in the grand scheme, and the damage to the relationship , and the Trust’s capacity Is likely to be more significant. It will also reduce NCC’s ability to work co-operatively with the Trust”</p> |
| <b>Anti-savings</b> | 10 | <p>“There should be no cuts.”</p> <p>“no savings should be made”</p> <p>“Savings should be made elsewhere. Stop more monies being siphoned off for further road infrastructure that is not required”</p> <p>“How can you contemplate savings to Environmental Services when villages like ours have collapsed drainage systems and sewage on the road every time there is heavy rain?”</p> <p>“Savings equals cuts. Don't make cuts to community and environmental services. Scrap the Norwich Western Link Road and use the money</p>  |

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|   |    | saved from that to increase spending on community and environmental services.”   |
| <b>Recycling</b>  | 10 | <p>“Scrap charges at recycling centres - this would help reduce costs if clearing flytipping for District Councils, which in term benefits the taxpayer.”</p> <p>“Charging for trade waste only encourages some people to fly tip - which in turn costs huge sums to deal with. Waste should be free if taken to a recycling centre so it is disposed of or recycled in the correct manner”</p> <p>“Providing countywide food waste recycling would lessen the impact on county landfills. Composting of both raw and cooked foods from the community could provide extra income to the county by selling the compost back to residents for use in their gardens. This service could be an addition to the recycling of garden waste which is already collected. Investing in an additional wheelie bin per household could be done on an area by area basis over 3-4 financial years and the income from selling compost at existing recycling centres should offset some or all of the costs.”</p> <p>“Cuts in recycling budgets must not compromise the goal of increasing quantity of waste sent to recycling and for the items to be recycled within strict guidelines not to damage the environment further, here in Norfolk and elsewhere.”</p> |
| <b>Efficiency and Smarter Working -</b><br>We need to be more efficient, get better value for money | 10 | <p>“Smarter working sounds great, numerous coned off roads with no work being done doesn't help trust in councils. Fed up with numerous cycle routes that are hardly used, paid for by motorists .”</p> <p>“Are all NCC vehicles owned or used on a "hire basis". If on a hires/leased basis why not follow the Fire Service approach”</p> <p>“Smarter working sounds great, numerous coned off roads with no work being done doesn't help trust in councils. Fed up with numerous cycle routes that are hardly used, paid for by motorists .”</p> <p>“I suggest you need to evaluate how often council (&amp; agents) operational failings are the cause of a costly process of receiving reports and providing remedy.”</p>  |

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|   |   | Like the idea of the council capitalising on smarter working post covid; its important that building and associated staffing costs are considered in the right way and that they stack up against how people want to work moving forward."  |
| <b>Fire service</b>   | 6 | <p>"personally I doubt the fire services can cope with more cuts, you are putting lives in danger"</p> <p>"The NFRS is underfunded from the bottom, cutting posts at the top and reinvesting this capital to the actual Firefighters would be a good move"</p> <p>"Not closing stations or reducing cover for Wholetime Stations as we have seen how long it can take appliances and how sparse cover can be at recent large incidents."</p> <p>"The fire service should be moved out of the county council."</p>   |
| <b>Protect services</b>   | 5 | <p>"We do need services and many if not all are already stretched to the limit."</p> <p>" I think this department works well and is the key to local communities recovering from the pandemic."</p> <p>"Community services are so vital and especially the Library services. With Norfolk obviously being a rural county it's so important that services are maintained wherever possible in the community where we lives in Norfolk."</p>  |
| <b>Go further -</b><br>More needs to be done to protect and fund vital services | 5 | <p>"Yes - more should be spent on improving the Highway network. There should be an increase in money spent on highways for motorists and a massive decrease on money spent on cycleways."</p> <p>"The service should be more ambitious with its savings. The fire service should be moved out of the county council. Smaller libraries should be closed. The savings related to recruiting a new team member should be achieved by training existing team members and having them carry out the work as part of their existing jobs."</p> <p>"There should be more staff and I. T. savings."</p> |

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| <b>Central Government</b> | 5 | <p>“Not specifically, but seriously "economic bounce-back and growth"? Thanks to Central Government and Brexit, the economy is tanking. Overall, it sounds like you're wanting (by unfortunate necessity) to do more, with less, and have us pay for it.”</p> <p>“I can see you feel forced into this because of improper cuts in Government funding. But that does not make it right and it appears to many to be cowardly and reckless.”</p> <p>“You should resist making cuts and saving, it just lets the Central Government avoid it's responsibilities”</p> |
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We also received feedback relating to some of the specific Community and Environmental savings proposals.

| <b>Table 12: Comments on specific Community and Environmental Services proposals</b>   |            |  |
|--|------------|--|
| <b>Proposal</b>  | <b>No.</b> | <b>Illustrative quotes (verbatim)</b>  |
| <b>CES-22-23-001</b><br>Buying rather than leasing fire service vehicles [Fire Engines]<br>And<br><b>CES-22-23-002</b><br>Buying rather than leasing fire service vehicles | 10         | <p>“Providing a cost benefit analysis has been carried out - eg repairs/insurance etc - then but rather than lease seems sensible.”</p> <p>“We have to be careful with buying fire service vehicles rather than leasing that at some point we don't end up with out of date old unsafe vehicles on the road. “</p> <p>“Lines 1 and 2 (CES-22-23-001 and CES-22-23-002) appear to reflect the same saving but with different values. Are the two lines separate savings from different methods, separate savings from the same method (and should probably therefore be merged into a single line), or the same savings (and therefore one of the two lines will need to be removed and the totals updated accordingly)?”</p> |
| <b>CES-22-23-006</b><br>Charges for trade waste disposal   | 2          | <p>“Charging for trade waste only encourages some people to fly tip - which in turn costs huge sums to deal with. Waste should be free if taken to a recycling centre so it is disposed of or recycled in the correct manner “</p>   |

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|   |   | <p>"My only concern re recycling is whether the approach to trade recycling might increase the level of fly tipping."</p> <p>.</p>  |
| <p><b>CES-22-23-012</b><br/>Fines for overrunning roadworks</p>   | 2 | <p>"There is insufficient detail in the consultation document to comment however in term of fines for overrunning roadworks surely utility companies and others will just ask for a loner period to reduce the risk of overrunning roadworks."</p> <p>"What has been the historical contribution from CES-22-23-012?"</p>   |
| <p><b>CES-22-23-013</b><br/>Create new streetworks technician post</p>  | 3 | <p>"What is the evidence to support the fact that the role would bring in additional income?"</p> <p>"Fully support a new post and better coordination of street works with utility companies and importantly with county council works as it is long overdue. There are many examples of multiple road works in localities creating traffic issues."</p> <p>"Better management required, the two new posts/roles should be distributed to current work force. Tenders should be more transparent to the public."</p> |
| <p><b>CES-22-23-015</b><br/>Maximise efficiency of winter gritting by using the latest technology</p>                   | 1 | <p>"I think it is very important to grit Norfolk's roads adequately. previously when NCC made cuts in this area we had a lot of fatal accidents. It's important to make cuts that don't put Norfolk's resident's at risk."</p>  |
| <p><b>CES-22-23-016</b><br/>Increase the Highway Design Team charge rates for work on major infrastructure delivery</p> | 1 | <p>"Charging for planning advice looks fine as long as it is not just transferring costs to planning authorities."</p>  |
| <p><b>CES-22-23-021</b><br/>Reduce software costs</p>   | 1 | <p>"Keep the decision making process neat and short but ensure those working in the various teams have access to the technology they require without it constantly being challenged by those who don't understand the roles"</p>  |
| <p><b>CES-22-23-023</b><br/>Additional Streetworks income</p>   | 4 | <p>"With the change in the law a big source of income would be the £70 fine for parking on a pavement, plus the savings in footpath repairs."</p> <p>"What is the evidence to support the fact that the role would bring in additional income?"</p> <p>"Has NCC considered raising revenue from the</p>   |

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|   |   | <p>Department of Transport's proposals to expand the powers of councils in England to be able to fine motorists for moving traffic offences such as stopping in yellow boxes, making unauthorised U-turns and disobeying 'no-entry' signs "</p> <p>Better management required, the two new posts/roles should be distributed to current work force. Tenders should be more transparent to the public."</p>  |
| <p><b>CES-22-23-028</b><br/>Income generation from highways assets</p>                                      | 3 | <p>"Do not put adverts on highways, and effectively prosecute those who do. A dangerous distraction and visual mess. Also, return highways work to Norwich City Council, who at least listened to residents, you do not. Management of road works by the County is a fiasco."</p> <p>"The idea may be sound, but excessive verge side furniture will mean drivers are not concentrating on driving and may be distracted."</p> <p>"I do not believe that more signs on verges is appropriate and would cut this advertising and believe the minute savings it accomplishes. We do not want our county roads littered with commercial information. This devalues our tourism asset."</p> |
| <p><b>CES-22-23-030</b><br/>Seeking alternative funding sources for the Library and Information Service</p> | 3 | <p>"Believe we should be told the effects of the restructuring, budget reviews on the services such as museums and libraries after past cuts before accepted"</p> <p>"In reviewing the staffing structure for libraries, it is important to protect the community work they do."</p> <p>"Question whether Libraries are actually essential"</p>   |
| <p><b>CES-22-23-031</b><br/>Cost Recovery for the American Library</p>                                      | 3 | <p>"I presume the American Library is largely funded by the USAF? Could it be set up as a charity? or wholly controlled by the USAF (so long as it stays in Norwich!)"</p> <p>"I don't agree with the withdrawal of funding for the 2nd Air Division memorial library. £13k is a small sum of money in the grand scheme, and the damage to the relationship, and the Trust's capacity is likely to be more significant. It will also reduce NCC's ability to work co-operatively with the Trust"</p>  |

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|   |   | <p>"Cost recovery for the american Library concerned of any negative effects on this library an important for the recent history of east anglia, concern about reduction in support."</p>  |
| <p><b>CES-22-23-033</b><br/>Education Library Service</p> | 7 | <p>"explore a subscription service for all schools"</p> <p>"Concerned about any reduction of services to schools ie the Education Library Service"</p> <p>"If schools aren't using the education library service then it should close"</p> <p>"We should also maintain the Education Library Service—this should not be cut. Again, it is minute savings (albeit some savings) but needs to be maintained. Support of reading and literary and education is a vital task for the county, as our education statistics in the past are often not a credit to the county."</p> <p>"Probably short term thinking to remove Education Library subsidy."</p> <p>"Education Library Service: this proposal removes the subsidy to maintain an Education Library Service and would cease the service to schools in its current format. - Important for all children in Norfolk to have access to books and for some children this may only be via their school."</p> <p>"I do not believe that services should be cut, in particular, I object to removing the - . Education Library Service subsidy."</p> |

## 12. Feedback: Strategy and Transformation Services

86 people commented on our budget approach in Strategy and Transformation Services. The key themes to emerge cluster as below (numbers of mentions and illustrative quotes are given in table 13):

- similar numbers of comments in **support** of and in **opposition** to any savings being made
- become more **efficient** in how services are delivered
- suggestions to utilise and support staff to **develop strategy and transformation**

| Table 13: Analysis of generic feedback on Strategy and Transformation Services savings proposals |     |  |
|--|-----|--|
| Key themes   | No. | Illustrative quotes (verbatim)   |
| <b>Resource -</b><br>Comments on how respondents feel financial resources should be managed      | 16  | <p>“Recognise and utilise the talent already in ncc departments that can do and will do many of the ‘strategy and transformation’ tasks”</p> <p>“Individual taxation is not the answer. All possibilities need to be explored and a continual basis. Savings need to be found and smarter working practices need to be developed. Central government needs to be pressurised into action. “</p> <p>“Surely we should be investing in strategy and transformation to enable more far reaching cost savings as opposed reducing spend?”</p> <p>“sadly inevitable - but where is the support for staff trying to achieve cuts and for Adult services to ensure efficiencies?”</p> <p>“I am hopeful that the move to an integrated care system may allow for wider thinking about more sharing of back office functions with the NHS and Local District Councils.”</p> <p>“Less managers more workers, most government organisations don't adhere to this”</p> |
| <b>Supportive</b>  | 8   | <p>“These approaches seem sensible”</p> <p>“smarter working can create more savings”</p> <p>“These proposals looks positive and sensible”</p>  |

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| <b>Opposed to proposed savings</b> | 8 | <p>“Making savings usually means cutting services.....not good”</p> <p>“These are key areas required right now to be able to improve things across the board, they should not be compromised in any way to enable us to move forward in a positive &amp; better way..”</p> <p>“Surely we should be investing in strategy and transformation to enable more far reaching cost savings as opposed reducing spend?”</p>           |
| <b>Efficiency</b>                  | 6 | <p>“Its vital that these services are accountable for the services they oversee. Any transformation must be done in a way that makes the service better.”</p> <p>“the ideas are great in theory. Have these practices yielded savings in the past, and if so is there actually any head room remaining available whilst still achieving competent employment administrative practice”</p> <p>“Better management required.”</p> |

We also received feedback relating to some of Strategy and Transformation savings proposals.

| <b>Table 14: Comments on specific Strategy and Transformation Services savings proposals</b> |            |   |
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| <b>Saving Proposal Reference</b>   | <b>No.</b> | <b>Illustrative quotes (verbatim)</b>   |
| <b>S&amp;T-22-23-001:</b><br>Reduction in HR budgets   | 10         | <p>” the ideas are great in theory. Have these practices yielded savings in the past, and if so is there actually any head room remaining available whilst still achieving competent employment administrative practice”</p> <p>“Once again, savings across the board on personnel NOT just in one area”</p> <p>“In the fetish for tech don't forget the importance of human relations awchichnd communications can becomes dislocated and impersonal “</p> <p>“A lot to take on board here, some suggestions seem more like fingers in the wind and hopeful savings extrapolated. Changes in systems normally take time to bed in and savings are not immediately incurred.”</p> |

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|  |   | <p>“Less managers more workers, most government organisations don't adhere to this”</p> <p>“Cut out dead wood”</p> <p>Same old chipping away at the edges rather than a concerted effort to completely redesign services.”</p> <p>“Deduct one hour per week off each member of staff for one year as an experiment to staff keeping their jobs. Total the savings per month per year and you will be able to reduce council tax for one year creating a better atmosphere towards the council especially when it comes to an increase next year.”</p> <p>“Completely paperless office. Access for all to their relevant team files. Reduce property overheads; work from home, sell under utilised buildings, meetings could be held via Zoom, Discord, Microsoft Teams, etc. If face to face is a necessity 'rent' meeting rooms/spaces from libraries or other public buildings.”</p> <p>“Better management required”</p> |
| <b>S&amp;T-22-23-002:</b><br>Insight & Analytics<br>budget saving and<br>additional income | 5 | <p>“The concern is you are proposing to delay appointing new roles, to reduce advertising for vacancies. That places additional pressure on the remaining employees and does not consider their mental well being. In fact has every possibility of making that worse. You need to reconsider”</p> <p>“I do not believe that a delay in recruiting is beneficial as this will place more work on others in the various teams.”</p> <p>“You should liaise and use NNUHNHSTrust Staff Bank for recruiting carer and temporary admin staff.”</p> <p>” Recognise and utilise the talent already in ncc departments that can do and will do many of the 'strategy and transformation ' tasks”</p> <p>“I am hopeful that the move to an integrated care system may allow for wider thinking about more</p>  |

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|  |   | <p>sharing of back office functions with the NHS and Local District Councils.</p> <p>Why can we not have one team to look after both personal health budgets and direct payments and all the people on joint funded packages of care ? single health and social care plans would be great and could drive personalised multiagency care with the patient at the centre. the NHS CHC assessment process can still operate as required to and people can flip in and out of eligibility as they do now but under one team of professional administrators with a separate independent commissioning panel of clinical and social work leads to make key decisions under a delegated decision making policy and guidance. is this not worth at least exploring ?”</p>   |
| <p><b>S&amp;T-22-23-004:</b><br/>Reduction in<br/>Transformation budgets</p> | 4 | <p>“The concern is you are proposing to delay appointing new roles, to reduce advertising for vacancies. That places additional pressure on the remaining employees and does not consider their mental well being. In fact has every possibility of making that worse. You need to reconsider”</p> <p>“No mention here of the excessive payments made to Council members! Many seem to be totally clueless and only involved in local politics out of self importance. There are a few excellent members though so wouldn’t it be worth considering cutting the number of electoral divisions?”</p> <p>Depending upon how legal services are provided, a reduced spend on barristers may be a false economy. the early advice of counsel can often result in matters of vital importance being highlighted at the outset rather than coming to light after substantial fees have already been incurred.”</p> <p>“You make reference to Nplaw, I have no idea what that is.”</p> |

### 13. Feedback: Governance Services

75 people commented on our budget approach in Governance Services. The key themes to emerge cluster as below (numbers of mentions and illustrative quotes are given in table 15):

- importance of **effective governance and spending control** recognised
- opposition to savings in the budget of the **Monitoring Officer**
- become more **efficient** in how services are delivered

| Table 15: Analysis of generic feedback on Governance Services savings proposals             |     |   |
|---|-----|---|
| Key themes  | No. | Illustrative quotes (verbatim)  |
| <b>Resource –</b><br>Comments on how respondents feel financial resources should be managed | 12  | <p>“Governance Services should be ensuring that all departments are working at their best as surely this is part of Governance. I am unsure as to whether reducing the Governance budget and Monitoring Officer budget would result in less scrutiny/capacity”</p> <p>“Reducing the fees charged to internal services is key- legal fees are extortionate and counter productive with council services spending vast amounts of their budgets on necessary legal advice and services”</p> <p>“Nothing more say apart from grants to some local businesses should be re-examined and reigned in.”</p> <p>“Increased numbers of allowances to council members seem to have been omitted from this consultation. Why is this being covered up? Some members seem very "media shy", so how can expanding allowance-earning posts address a problem of lack of public accountability? To be fair, some members are often seen to be engaging with the media, and even though the messages given may be at variance to the hopes of residents, it betokens active involvement.”</p> <p>“Yes - but please do it sensibly - with notable concrete action. Not AwayDays or Training Days. Not necessary. Just be sensible and use your common sense.”</p> <p>“Automate more”</p> |

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| <b>Anti-savings</b>       | 6 | <p>“More needs to be in place to support effective governance and spending control. I would not recommend making savings in this area”</p> <p>“Considering the latest scandals of sleaze and corruption in central government reducing the Governance capability would be an unwise decision”</p> <p>“Not really except if something has been required so far, I would be very cautious what is reduced or removed, could have a negative knock on affect”</p>  |
| <b>Supportive</b>         | 5 | <p>“This one area where a greater saving could be made than the predicted”</p> <p>“broadly agree, but concerned about reduction to monitoring officer budgets as this is an important aspect of governance”</p> <p>“ok with these”</p>  |
| <b>Monitoring Officer</b> | 5 | <p>“The monitoring officer should have their budget retained so they can carry out more reviews into councillor activities across all levels of governance”</p> <p>“Governance Services should be ensuring that all departments are working at their best as surely this is part of Governance. I am unsure as to whether reducing the Governance budget and Monitoring Officer budget would result in less scrutiny/capacity”</p> <p>“I am emphatic that any budget for the Monitoring Officer must be increased, not decreased, until such time as all backlog has been resolved satisfactorily and it can be demonstrated that relevant complaints have dwindled.”</p> |
| <b>Efficiency</b>         | 5 | <p>“More efficiencies needed, massively reduced admin costs needed. Investment in preventative work needed. We need fewer services overall”</p> <p>“Prune the those loss making depts and let others in the same work space take over. Ad Ed to college outreach, for instance.”</p> <p>“The council should pressure government to create a unitary authority to reduce duplication of governance costs”</p>  |

|                           |   |  |
|---------------------------|---|--|
| <b>Council Allowances</b> | 2 | <p>“Increased numbers of allowances to council members seem to have been omitted from this consultation. Why is this being covered up? Some members seem very "media shy", so how can expanding allowance-earning posts address a problem of lack of public accountability? To be fair, some members are often seen to be engaging with the media, and even though the messages given may be at variance to the hopes of residents, it betokens active involvement”</p> <p>“All payment to elected representatives should be ceased apart from legitimate travel expenses”</p> |
|---------------------------|---|--|

We also received feedback relating to some specific Governance Services savings.

**Table 16: Comments on specific Governance Services savings proposals**

| Saving Proposal Reference                                       | No. | Illustrative quotes (verbatim)  |
|---|-----|---|
| <b>GOV-22-23-001:</b><br>Efficiency savings                     | 2   | <p>“automate more”</p> <p>” More needs to be in place to support effective governance and spending control. I would not recommend making savings in this area.”</p>   |
| <b>GOV-22-23-002:</b><br>Reduction in Monitoring Officer budget | 5   | <p>“I'm not in favour of cutting the monitoring officer budget - we'd had to apply to help from the monitoring office for our local council and have had great difficulty even getting a response. Local councils need support.”</p> <p>“broadly agree, but concerned about reduction to monitoring officer budgets as this is an important aspect of governance”</p> <p>“The monitoring officer should have their budget retained so they can carry out more reviews into councillor activities across all levels of governance”</p> <p>“Governance Services should be ensuring that all departments are working at their best as surely this is part of Governance. I am unsure as to whether reducing the Governance budget and Monitoring Officer budget would result in less scrutiny/capacity”</p> <p>“I am emphatic that any budget for the Monitoring</p> |

|   |   |   |
|---|---|---|
|   |   | Officer must be increased, not decreased, until such time as all backlog has been resolved satisfactorily and it can be demonstrated that relevant complaints have dwindled."   |
| <b>GOV-22-23-003:</b><br><b>Reduction in Governance budgets</b><br>Saving to be delivered from reducing training and removing Governance estate and site management budgets | 2 | "Its important that governance services have a wide range of assesses and expertise. Any savings must be reflected in this"<br><br>"Yes - but please do it sensibly - with notable concrete action. Not AwayDays or Training Days. Not necessary. Just be sensible and use your common sense" |
| <b>GOV-22-23-007:</b><br>Reduced spend on barristers  | 2 | "Reducing the fees charged to internal services is key- legal fees are extortionate and counter productive with council services spending vast amounts of their budgets on necessary legal advice and services."<br><br>"Anything that reduces our legal costs is good."                      |

## 14. Feedback: Finance and Commercial Services

66 people commented on our budget approach in Finance and Commercial Services. The key themes to emerge cluster as below (numbers of mentions and illustrative quotes are given in table 17):

- reiteration of **environmental issues** and references to reducing road building
- general **supportive** statements in relation to savings
- efficiencies in **property** management
- focus on better **value for money**

**Table 17: Analysis of generic feedback on Finance and Commercial Services savings proposals**

| Key themes  | No. | Illustrative quotes (verbatim)  |
|---|-----|---|
| <b>Resource</b> , including comments on roads and the environment | 8   | "I am in favour in re evaluating levels of management and areas where savings could be made without impacting on services and delivery"<br><br>"Making savings if required is necessary. But I am wondering why big financial commitments such as those involved in road building are not part of the consultation? They should be. Norfolk's residents should be given a say in this, particularly after the recent COP 26 findings. |

|  |   |   |
|--|---|---|
|  |   | <p>I do not agree with spending any money on building additional roads. We should be investing in a green agenda now. Building more roads will just encourage more cars on to the roads. I really do think that now is the time to stop building the Western Link road. We should instead be aiming to preserve our fragile ecosystems in these areas. I also think that the dualing of the A47 should be stopped. I know such views may not be particularly welcome in business circles, but we do really need to start looking at a different economic model which involved increasing public transport links, park and ride, train use etc. I think NCC is behind the times and needs to get up to speed with the environmental disaster that is looming. NCC needs to re-evaluate it's priorities after COP26. Investing in green energy, car charging facilities etc needs to become more of a priority."</p> <p>"One obvious way to save money: do not build the Norwich Western Link road. It will be a disaster for the environment, increase carbon emissions and channel funds away from more worthwhile projects. Building this road is also completely incompatible with your alleged goal of building "a greener, more resilient future"."</p> |
| <b>Supportive</b>  | 6 | <p>"These approaches seem sensible"</p> <p>"You have no option beyond savings in this area"</p> <p>"Make as many savings as possible"</p>   |
| <b>Comments relating to income from, and management of, property</b> | 6 | <p>"Nowhere do I see any reference to a County-wide policy on Council Tax charges on non-primary residences. Here is a huge opportunity to address concerns of residents and aspiring residents in tourist areas. Homes owned by "outsiders" and used occasionally have pushed up prices and can gain relief from Council Tax by various loopholes. These home owners can more afford to pay than the majority of residents. There appears to be no inclination to consult on this!"</p> <p>"Find a way to let houses on the county farms estate that doesn't trigger the right to buy. A separate company needs to be set up so that the houses the council owns can be let properly and at</p>  |

|   |   |  |
|---|---|--|
|   |   | <p>full market rents. This could easily increase the annual rental income by £100,000+”</p> <p>“reduce the bureaucracy and make Corporate Property profitable. If something isn't broken does it really need to be fixed?”</p>   |
| <b>Comments relating to management</b>              | 5 | <p>“I am in favour in re evaluating levels of management and areas where savings could be made without impacting on services and delivery.”</p> <p>“Restructure the senior leadership team to reduce salary costs.”</p> <p>“Don't use expensive consultants”</p>   |
| <b>Comments relating to getting value for money</b> | 5 | <p>“Financial services should be responsible for ensuring all services offer value for money and any savings proposals should be audited in a way that's open and realistic.”</p> <p>“Value for money needs to be looked at regarding expenditure.”</p> <p>“definitely need less paper and more digital records”</p> |
| <b>Anti-savings</b>                                 | 3 | <p>“These areas are important in their own right, so again you need to be very careful what is reduced or removed, as it is all linked to one another &amp; a good overall results could be compromised”</p>   |

We also received feedback relating to some specific Finance and Commercial Services savings.

**Table 18: Comments on specific Finance and Commercial Services savings proposals**

| Saving Proposal Reference  | No. | Illustrative quotes (verbatim)   |
|--|-----|--|
| <b>FIN-22-23-004:</b><br>Review of employer pension pressure provision | 1   | “The NCC pension scheme is important to recruitment (it is one of the reasons I remain an NCC employee). I would be very concerned if the employer contribution, or the lump sum payment, reduced” |
| <b>FIN-22-23-006:</b><br>Benefits realisation from the HR & Finance    | 1   | “There seems to be quite a reliance specifically on HR and Financial to help reduce costs, surely HR and Financial savings wouldn't be necessary if  |

## Appendix 5: Norfolk County Council Budget Consultation report 2022-23

|  |  |                                       |
|--|--|---------------------------------------|
| system replacement (MyOracle) project. |  | operating already had been effective” |
|--|--|---------------------------------------|



**Norfolk** County Council

## **Proposed budget for 2022/2023**

### **Equality impact assessment report**

For further information about this report please contact:

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2. The legal context
3. Summary of findings for 2022/2023
4. Contextual issues to consider
5. Human rights implications
6. Proposed mitigating actions
7. Evidence used to inform this assessment
8. Further information and contact details

## 1. Introduction

- 1.1. This report summarises the findings of equality impact assessments of Norfolk County Council's proposed budget for 2022/2023.
- 1.2. Equality 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.

## 2. The legal context

- 2.1. 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<sup>i</sup>;
  - Advancing equality of opportunity between people who share a protected characteristic<sup>ii</sup> and people who do not share it<sup>iii</sup>;
  - Fostering good relations between people who share a protected characteristic and people who do not share it<sup>iv</sup>.
- 2.2. The full Act is available [here](#).

## 3. Summary of findings for 2022/2023

- 3.1. In total equality impact assessments have been carried out on all budget proposals for 2022/2023. This includes the proposal to increase council tax and the Adult Social Care precept.
- 3.2. Based on the evidence available, it is possible to conclude that the majority of proposals will likely have no disproportionate adverse impact on people with protected characteristics. Many of the proposals will likely have a positive impact on people with protected characteristics. This is largely due to the fact that the proposals are designed to promote greater independence, choice and dignity for service users, giving them more flexibility and control over their lives. These are priorities routinely highlighted as vital in by the public in consultation.
- 3.3. 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.
- 3.4. 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.
- 3.5. 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.

3.6. The findings of the assessments are set out in **Appendix 6.1**.

## 4. Contextual issues to take into account

4.1. 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.
- Whether existing service provision (including the way in which service users will access services) will be materially altered because of these proposals.
- Our commitment to those serving or those who have served in the armed forces and their families under the Armed Forces Covenant

4.2. 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 2022/23, 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<sup>v</sup>.
- Norfolk's population data and trends, set out in [Norfolk's Story 2021](#).
- 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

4.3. It is important to note that the assessments set out in Appendix 6.1 only consider the impact of the Council's budget proposals for this year.

4.4. For obvious reasons, they do not detail the various positive impacts of the Council's day-to-day services on people with protected characteristics, such

as: the proposed programme of capital investment for 2022-2023; promoting independence for disabled and older people; the improvements we have delivered to support 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.

## 5. Human rights implications

5.1. 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.

## 6. Mitigating actions

6.1. The following mitigating actions are proposed, to address the impacts set out in this report:

|    | Action/s  | Lead                                     | Date |
|----|---|--|------|
| 1. | <p>Executive Directors to ensure that the proposals are implemented in accordance with the Council's <a href="#">Equality, Diversity and Inclusion policy</a>; the Equality Act 2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements.</p> <p>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.</p>  | All Executive Directors                  |      |
| 2. | <p>Executive Directors to monitor the development of implementation plans for each budget proposal, in accordance with the Public Sector Equality Duty.</p> <p>If, during implementation, it emerges that a proposal may have a significant detrimental or disproportionate impact on people with protected characteristics 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.</p> | All Executive Directors                  |      |
| 3. | <p>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.</p>   | Senior HR Consultant (Workforce Insight) |      |

## 7. Evidence used to inform these assessments

- Norfolk budget proposals 2017-2018 to 2021-2022 – consultation documents, consultation findings and background papers, as previously reported to Full Council each February.
- The [equality impact assessment](#) of COVID-19.
- The Council's comprehensive [review](#) of potential inequalities in service provision and the workforce.
- Norfolk County Council's Digital Inclusion Strategy 2018 and Digital Inclusion EqlA 2021.
- Norfolk's population data and trends, set out in [Norfolk's story](#).
- Equality Act 2010.
- Public Sector Equality Duty.

## Appendix 6.1: Findings of the equality impact assessments of the budget proposals for 2022-2023

Each proposal for 2022-2023 has been assessed to identify whether there is a potential for disproportionate or detrimental impact on people with protected characteristics. The implications for NCC staff are considered in more depth at Annex B. The findings with respect each proposal are detailed below.

### Adult Social Care budget proposals 2022/2023

| Reference and title of proposal:  | Potential impact:  |
|---|--|
| <p><b>ASS027:</b> Recognising additional benefits from our existing savings programme. Linked to our existing saving <b>ASC044:</b> Extra care housing programme - delivering savings by building 2,800 units of extra care housing for older adults.</p> | <p>Extra Care Housing is the term used nationally to describe housing for people that supplies some care provision and offers self-contained accommodation with staff available 24 hours a day. Having the right type of housing options available for older people is key for helping people to remain in their own home and prevent crisis and can prevent or delay the need for residential care. Savings are generated from the prevention of spend.</p> <p>The proposal is to increase the number of extra care housing with care units in Norfolk. This would increase the availability of alternative housing for people who are experiencing increasing care needs or reduction in mobility and provide an earlier preventative alternative to residential care.</p> <p>There is likely to be a positive impact on older and disabled people given these groups 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.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>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) compared to people who do not share these characteristics;</li> <li>The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people</li> </ul> |

| Reference and title of proposal:   | Potential impact:   |
|--|---|
|  | <p>who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.</p> <p>This is because</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with the Council's Promoting Independence Strategy; corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> <p>It should be reflected that there <i>may</i> 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.</p> |
| <p><b>ASS028:</b> Delivering a saving through an accelerated Supported Housing Programme. Providing 183 units of supported housing for younger adults over a three-year period, which is expected to increase independence and help in</p> | <p>Supported housing can be either shared accommodation or individual units where support is provided on-site as part of the accommodation. Analysis shows Norfolk will need 183 units in the next three years. To enable the development of these the Council has created an £18m capital fund. Developers and providers of supported living housing can apply for some of this capital fund. The fund will go towards development costs of affordable rented units, including in schemes where there is mixed tenure.</p>   |

## Appendix 6: Norfolk County Council Equality Impact Assessment report 2022-23

| Reference and title of proposal:                                | Potential impact:   |
|---|---|
| fewer people needing to be supported early in residential care. | <p>Supported living gives younger (working age) people with care and support needs choice and control over where they live and how they are supported. They also have the support they need to live as independently as possible. There is likely to be a positive impact for local younger people with a learning disability, autism, mental health needs or a physical disability.</p> <p>This proposal has been informed by a public consultation with more than 70 local people who have given feedback on the three-year plan. See <a href="#">here</a></p> <p>There is no evidence currently available to indicate that:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with the Council's Promoting Independence Strategy; corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> </ul> |

## Appendix 6: Norfolk County Council Equality Impact Assessment report 2022-23

| Reference and title of proposal:  | Potential impact:   |
|---|---|
|   | <ul style="list-style-type: none"> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>   |
| <p><b>ASS029:</b> Recognising additional benefits from our existing savings programme. Linked to existing saving <b>ASC024:</b> Contract renegotiation, ensuring the requirements of commissioners are reflected in the Norsecare contract. Future years of existing programme to transform the Norse Care Older People Residential and Housing with Care estate.</p> | <p>If this proposal goes ahead, it should likely impact positively on all service users, including service users with protected characteristics, because it will consider whether contracts are as efficient and effective as possible to achieve the best possible outcomes for all people who use Adult social care services.</p> <p>The Older People's Strategic Partnership Board have stated that they want the Council and partners to recognise older people's growing preference for extra care over residential care or sheltered housing. It has also been understood that the right housing with the right support can have a significant impact upon the positive health and wellbeing of people.</p> <p>The Council's Transformation Programme is committed to reduce provision of older residential care facilities and replace them with a combination of more independent accommodation and residential care for those with dementia. There is also recognition that the care and support services within supportive accommodation needs to be equipped to meet the additional needs of diverse older people, for example those with learning disabilities or mental health needs</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> |

| Reference and title of proposal:   | Potential impact:   |
|--|---|
|  | <p>This is because</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with the Council's Promoting Independence Strategy; corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There are not currently anticipated to be any organisational changes to staffing structures and no changes to staff terms or conditions. Some of the contractor's employees may be impacted as contracts are changed.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> <p>An individual gave feedback to the public consultation stating <i>"I strongly agree with renegotiation of contracts, especially those with Norse. It is good business practice to regularly assess contracts to ensure value for money and that standards of service are maintained."</i></p> <p>This proposal 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.</p> |
| <p><b>ASS030:</b> Recognising additional benefits from our existing savings programme. Linked to existing savings<br/> <b>ASC018:</b> Working with our partners to reshape our approach to</p> | <p>This proposal considers how the Council can improve Adult's Service's preventative offer over the next five years to ensure local people have access to universal advice and information to prevent, reduce and delay the need for formal social care intervention. The Council is now reviewing how first contact is made by service users with Adult Services (the 'front door') with the intention of streamlining processes and freeing up frontline social care teams to pick up other support / early</p>  |

| Reference and title of proposal:   | Potential impact:  |
|--|--|
| <p>supporting people on their initial contact with Adult Social Care (the "Front Door"). We will review our process and how we support people early in the social care pathway and help their care needs before they escalate.</p> | <p>intervention work. The Service will continue to lead and shape independent providers to develop choices for people at all stages of life. This involves:</p> <ul style="list-style-type: none"> <li>• Working with partners to re-shape and refocus the approach to supporting people upon their initial contact with Adult Social Services.</li> <li>• Working with local voluntary and community organisations keen to expand services that support prevention and early help through a network of community connectors who are supported by smarter information such as the Norfolk Directory</li> <li>• Working with providers to review the effectiveness of services currently commissioned looking at opportunities to reduce duplication and freeing up capacity to support current identified commissioning gaps.</li> </ul> <p>Norfolk social care data from 2021 there were over 13,000 Adult Social Care users, of whom more than 50% were older people, 20% were people with learning disabilities and 12% were people with physical disabilities. This data also shows that Black, Asian and other diverse ethnic minority people (including Gypsy, Roma and Travellers) have been proportionately under-represented as service users for many years, although this is not an issue which is unique to Norfolk. This proposal may therefore likely have a positive impact on people from diverse ethnic minorities where Adult Services are able to extend their offer to engage with diverse communities through working in partnership with the voluntary and community sector. It is also likely that engagement with other diverse groups (particularly LGBTQ+ people and people with autism) could be improved through more targeted engagement.</p> <p>As a result of the review, anyone who is currently receiving or accessing services will potentially be impacted by this proposal, however there is no evidence to currently indicate that:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled</li> </ul> |

| Reference and title of proposal: | Potential impact:  |
|----------------------------------|--|
|                                  | <p>people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.</p> <p>This is because</p> <ul style="list-style-type: none"> <li>• Service users should not experience any reductions in the quality or standard of support they currently receive. People should continue to receive support relevant to their assessed needs, according to defined eligibility criteria.</li> <li>• The proposal will be implemented in accordance with the Council's Promoting Independence Strategy; corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> <p>A more detailed equality impact assessment is currently being carried out to inform the project. This has identified that the following will need to be considered in order to mitigate any potential adverse impact of changes to existing service provision</p> <ul style="list-style-type: none"> <li>• Any changes to services or provision must not unfairly discriminate i.e., that the replacement or changed service is in effect better or of equal quality.</li> <li>• Any digital access or provision must be accessible by all or alternative routes for people with specific protected characteristics to be considered.</li> <li>• People with lived experience should be consulted with and actively involved in the design of any new ways of working.</li> <li>• Any cessation of services must be clearly communicated and must not impact negatively on those accessing that service. Cessation of services should not simply be part of any cost cutting exercise.</li> </ul> <p>This proposal will require officers to undertake additional equality impact assessments when developing detailed service design proposals and implementation plans. If, during consideration of</p> |

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| Reference and title of proposal:  | Potential impact:  |
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|   | <p>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.</p> <p>Over the last year, the Council has undertaken a comprehensive review of potential inequalities in service provision and the workforce. The review findings are available <a href="#">here</a>. If this proposal goes ahead, it will be directly informed by the findings of this review, to ensure that the Council takes every opportunity to promote equality, diversity and inclusion in service design and commissioning.</p> <p>Feedback from the public consultation to the budget suggested there also needs to be better online support for carers on where to get help and equipment / nursing supplies / support when needed quickly. Current carers packs could do with some enhanced signposting. This feedback also suggested that peer mentors for people with long-term conditions being discharged into the community could be useful. The feedback also supported wider consultation and engagement with respect service design and delivery.</p> <p>There was also feedback with respect to the Council taking account of its responsibilities under the Autism Act. Adult Services are responsible to the Norfolk Autism Partnership Board and are already reviewing / re-designing pathways for diagnosis and support for autistic people in co-production with NAPB and autistic people and this proposal should take account of neuro-diverse service users' needs, and a training package has been rolled out to all staff on understanding autism.</p> |
| <p><b>ASS031:</b> Improving market utilisation and delivering efficiencies. Strengthening our contract and performance management by getting better value for money in services we purchase by targeting the funding we have available to us.</p> | <p>If this proposal goes ahead, it should likely impact positively on all service users, including service users with protected characteristics, because it will consider whether contracts are as efficient and effective as possible to achieve the best possible outcomes for all people who use adult social care services.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>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</li> </ul>  |

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|  | <p>lesbian, gay, bisexual or transgender) compared to people who do not share these characteristics;</p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p>This is because</p> <ul style="list-style-type: none"> <li>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.</li> <li>The proposal will not lead to new or increased costs for service users.</li> <li>The proposal will be implemented in accordance with the Council's Promoting Independence Strategy; corporate and departmental policies and procedures and national guidance.</li> <li>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.</li> <li>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. Some staff employed by commissioned contractors may be affected.</li> <li>Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>ASS032:</b> Learning Disabilities transformation. Continued implementation of Norfolk's Learning Disability strategy. This sees the continued development of more choices and alternatives to residential care and access to community-based activities.</p> | <p>The <b>Norfolk Learning Disability Strategy 2018-22</b> was developed through a co-production process to ensure the views and opinions of Norfolk residents with a learning disability and their families were central to priority setting. The Strategy also takes account of national and local policy and guidance. It can be found <a href="#">here</a></p> <p>Key priorities relevant to this proposal include:</p> <ul style="list-style-type: none"> <li>Promoting equality, respect and being safe</li> <li>Being healthy and happy</li> </ul>  |

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|                                  | <ul style="list-style-type: none"> <li>• Having the right place to live</li> <li>• Developing and maintaining relationships with family and friends</li> <li>• Being a part of the community and involved in local activities and leisure</li> <li>• Having a voice and choice about the right support</li> </ul> <p>This proposal is focused on</p> <ul style="list-style-type: none"> <li>• Developing a single accommodation and housing needs list across Norfolk for people with experience of a learning disability accessing social care, including people who need new or different accommodation, working with housing developers and providers to develop new accommodation and reviewing the existing supported living options to make sure it meets the needs of people now and in the future.</li> <li>• Working with the community to increase the opportunities for people to use their local and community resources and clubs and considering how community hubs can bring people together in a local resource, specifically consider how people with more complex needs can access new experiences and opportunities whilst recognising their personal needs.</li> </ul> <p>If this proposal goes ahead, it should impact positively on service users with learning disabilities, including those with multiple protected characteristics. There will be an ongoing need for consideration of how the needs and experiences of diverse people with learning disabilities are taken into account in care planning and delivery (including people from diverse ethnic minority communities and people with diverse gender-identities and sexual orientation).</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled</li> </ul> |

| Reference and title of proposal: | Potential impact:   |
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|                                  | <p>people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.</p> <p>This is because</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with the Council's Promoting Independence Strategy, Norfolk Learning Disability Strategy 2018-22; corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> <p>This proposal 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.</p> <p>Over the last year, the Council has undertaken a comprehensive review of potential inequalities in service provision and the workforce. The review findings are available <a href="#">here</a>. If this proposal goes ahead, it will be directly informed by the findings of this review, to ensure that the Council takes every opportunity to promote equality, diversity and inclusion in service design and commissioning.</p> |

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| <p><b>ASS033:</b> Mental Health Care Model Review. Seeking to improve the independence of those people supported with Mental Health conditions by reviewing their care packages and exploring the potential for alternative housing tenure. This will be done in partnership with health to ensure the balance of care between health and social care is appropriate.</p> | <p>The Adult Mental Health Service is a specialised service aimed at maximising independence and choice for people with mental health difficulties through a streamlined health and social care service. People who are referred to the service receive a person-centred assessment of their needs. Both service users and carers are assessed under the Care Act to determine eligibility.</p> <p>This proposal is intended to empower people with mental health difficulties to make choices that will promote their health, wellbeing and independence. Those with more complex needs will be helped to formulate plans that maximise their abilities, to enable them as individuals to make choices and work towards their identified goals.</p> <p>If this proposal goes ahead the Service will work closely with partners to consider as part of annual care reviews, whether some service users may benefit from different options in terms of housing (including residential care, supported living or social housing with support). The proposal is aimed at supporting people to achieve their goals and live as independently as possible in their local community wherever possible.</p> <p>Service users will continue to be assessed and supported in accordance with statutory requirements and will continue to receive the support they need albeit this may be delivered in different ways (including through community support and / or outreach work).</p> <p>Since 2019 there has been recognition that there has been increasing demand for mental health services and these services are under significant pressure. A review has been underway to understand the views of service users, their families, carers and staff / volunteers. The evidence from this review has been used to inform this proposal taking account that some service users expressed that community care has not been fully utilised in the past. This was echoed in the public consultation for the budget proposals.</p> <p>There is no evidence currently available to indicate that:</p> <ul style="list-style-type: none"> <li>• 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</li> </ul> |

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|                                  | <p>lesbian, gay, bisexual or transgender) compared to people who do not share these characteristics;</p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>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.</li> <li>The proposal will not lead to new or increased costs for service users.</li> <li>The proposal will be implemented in accordance with the Council's Promoting Independence Strategy, Norfolk and Waveney Adult Mental Health Strategy; corporate and departmental policies and procedures and national guidance.</li> <li>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.</li> <li>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.</li> <li>Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> <p>This proposal 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.</p> |

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| <p><b>ASS034:</b> Expansion of Self-Directed Support. Delivering a saving by utilising more Direct Payments rather than commissioned services, particularly when Direct Payments offer individuals more choice and are cost effective</p> | <p>If this proposal goes ahead, it will promote greater independence, choice and dignity for disabled and older people, giving them more flexibility and control to decide how their care and support needs are met. Service users will be able to liaise directly with the providers of their choice to arrange their own care and support, rather than being referred to commissioned services.</p> <p>Disabled and older people report that independence is a critical factor in their well-being. There may be some potential for adverse impact if service users' access to commissioned services is limited without consideration that some disabled people may struggle to effectively identify or articulate their support needs and pay for services. This risk is mitigated as service users in receipt of direct payments (and their carers and families) will continue to be able to access specialist advice and guidance through the Direct Payment Support Service.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> </ul> |

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| Reference and title of proposal:  | Potential impact:   |
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|   | <ul style="list-style-type: none"> <li>• The proposal will be implemented in accordance with the Council's Promoting Independence Strategy; corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK</li> </ul> <p>This proposal 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.</p> <p>Feedback from the public consultation on these budget proposals posed the question <i>"Why can we not have one team to look after both personal health budgets and direct payments and all the people on joint funded packages... driving personalised multiagency care with the patient at the centre?"</i></p> <p>Over the last year, the Council has undertaken a comprehensive review of potential inequalities in service provision and the workforce. The review findings are available <a href="#">here</a>. If this proposal goes ahead, it will be directly informed by the findings of this review, to ensure that the Council takes every opportunity to promote equality, diversity and inclusion in service design and commissioning.</p> |
| <b>ASS035:</b> Use of ASC reserves.<br>One-off release of reserves to offset budget pressures | <p>If this proposal goes ahead it will mean releasing funds from the reserves in order to alleviate budget pressures as a one-off</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• 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</li> </ul>  |

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| Reference and title of proposal:   | Potential impact:  |
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|  | <p>diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender) compared to people who do not share these characteristics;</p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p>This is because</p> <ul style="list-style-type: none"> <li>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.</li> <li>The proposal will not lead to new or increased costs for service users.</li> <li>The proposal will be implemented in accordance with the Council's Promoting Independence Strategy; corporate and departmental policies and procedures and national guidance.</li> <li>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.</li> <li>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.</li> <li>Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>ASS036:</b> Bad debt reduction. Increased recovery of debt leading to less bad debt write-off.</p> | <p>If this proposal goes ahead it will mean more effective recovery of debt, which will have a positive benefit for the Service overall all.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>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</li> </ul>  |

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|   | <p>diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender) compared to people who do not share these characteristics;</p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p>This is because</p> <ul style="list-style-type: none"> <li>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.</li> <li>The proposal will not lead to new or increased costs for service users.</li> <li>The proposal will be implemented in accordance with the Council's Promoting Independence Strategy; corporate and departmental policies and procedures and national guidance.</li> <li>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.</li> <li>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.</li> <li>Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>ASS037:</b> Recruitment and Retention Strategy. Delivering a saving by having a targeted approach to recruitment and retention.</p> | <p>There is no evidence available currently 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.</p> <p>The Council's recruitment processes are covered by a full EQiA - for further information about the equality impacts of proposals relating to the workforce please see <b>Annex B</b></p>  |
| <p><b>ASS038:</b> Double up care reviews. Using therapists to lead reviews on care packages requiring two carers</p>                      | <p>If this proposal goes ahead specialist Occupational Therapists will review care packages where service users currently have two carers attending them as part of annual care reviews. OTs will work</p>   |

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| <p>to attend, in order to consider alternatives to having two carers on site.</p> | <p>with other involved professionals to identify whether there may be alternative ways to provide care (using specialist equipment or other assistive technology) which are just as safe and effective.</p> <p>This proposal takes account of the significant shortage of carers available in Norfolk and will mean that available resources are better utilised for the benefit of all social care service users.</p> <p>All care reviews will be undertaken by highly skilled professionals and carers will not be removed unless it is deemed safe to do so. Increasing access to specialist equipment / assistive technology will likely have a positive benefit for service users as there is evidence to show that this can support people in carrying out everyday tasks and activities, enhance a person's safety, support their social participation, and monitor their health, while maintaining their personal dignity and independence.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with the Council's Promoting Independence Strategy; corporate and departmental policies and procedures and national guidance.</li> </ul> |

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| Reference and title of proposal:  | Potential impact:   |
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|   | <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>   |
| <p><b>ASS039:</b> A strategic refocus of NCC's investment in Intermediate Care Services</p> | <p>This proposal is part of a wider health and social care system review of community beds. It is recognised that the current out of hospital services need to be strengthened with a particular focus on ensuring there is joint working to give people access to therapy led recovery.</p> <p>This proposal aims to ensure equal access for all service users through a consistent, consolidated offer across Norfolk, recognising that at present the system is complex with social care beds, community hospital beds, and virtual beds offered by a number of different acute and community health organisations across Norfolk.</p> <p>Since the implementation of discharge to assess at the start of the COVID-19 pandemic, there has been an increase in the number of people that Adult Services has supported who have been discharged from hospital. Arrangements have also changed which has seen a more defined role locally for the NHS in taking a lead on recovery for people.</p> <p>This change has been implemented at a time of considerable pressure on health and care services from the pandemic, wider winter pressures and the impact this has had on staff availability. For some people this has meant a delay in finding care for them so they can leave hospital, or having to accept temporary care until long term arrangements can be set up. This is not specifically an equality issue, but because it impacts particularly on older and disabled people, it is important to note within this EqIA. The actions being taken by Adult Social Care to address these short-term issues have been reported and documented.</p> <p>Any changes in arrangements for intermediate care will mainly affect older and disabled people.</p> <p>At this stage, there is no evidence to indicate that this proposal would have a disproportionate impact on people with other protected characteristics (such as men, women and people who identify as</p> |

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|                                  | <p>intersex or non-binary; 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) compared to people who do not share these characteristics.</p> <p>As work with health partners on out of hospital care takes place, the Service should engage with people and stakeholders who have experienced this type of care, and this proposal will be refined as required based on robust evidence of the needs of all diverse service users.</p> <p>It should also be considered that:</p> <ul style="list-style-type: none"> <li>• No changes are proposed to eligibility criteria for services at this time, so people should continue to receive support relevant to their assessed needs.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• The proposal will be implemented in accordance with the Council's Promoting Independence Strategy, 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> <p>Depending on the outcome of the review, or if the review leads to proposed changes in any of the following areas:</p> <ul style="list-style-type: none"> <li>• Eligibility criteria for services</li> <li>• Existing service standards and condition, corporate and departmental policies and procedures and national guidance.</li> <li>• Financial contribution of service users</li> </ul> <p>An equality impact assessment will be prepared for decision makers, setting out any specific impacts for service users or staff with protected characteristics and how these may be mitigated. This will be used to inform any final decisions.</p> |

## Children's Services budget proposals 2022/2023

| Reference and title of proposal:   | Potential impact   |
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| <p><b>CHS001 (Extend):</b> Extending our existing savings programme to deliver additional benefits. Proposal is to expand our 2019-20 saving</p> <p><b>CHS001:</b> 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.</p> | <p><b>Norfolk Futures – Safer Children and Resilient Families</b></p> <p>The aim of this proposal is to keep families together reduce the number of children entering the care system - focusing on early intervention to keep children safely at home. When the service has a responsibility to help and offer care we will use foster care and adoption where appropriate. The Service is focusing in the longer term on reducing the use of residential care and investing in specialist support alternatives. There are 5 strands to this work:</p> <ul style="list-style-type: none"> <li>• Quality information, advice and guidance</li> <li>• Strengthening partnership arrangements to deliver a local <b>early help</b> offer</li> <li>• Supporting more children to stay at home</li> <li>• Placement choice enhanced with a better offer for semi-independence for care leavers</li> <li>• Continued implementation of <b>signs of safety</b> working model.</li> </ul> <p>It should be considered that targeted earlier interventions with an emphasis on seeking to safely achieve a reduction in the numbers of children coming into care may likely have positive impact on diverse ethnic minority children and families, given there is evidence to show that some ethnic minority children and young people have been historically over-represented with the care system nationally and locally.</p> <p>There is no evidence to indicate currently that:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled</li> </ul> |

| Reference and title of proposal: | Potential impact   |
|----------------------------------|--|
|                                  | <p>people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.</p> <p>This is because:</p> <ul style="list-style-type: none"> <li>• The proposal seeks to achieve better outcomes for children and young people and reduce demand for services.</li> <li>• The proposal may lead to some changes in how services are delivered, or who delivers them, but these are not anticipated to have any significant impact on service users. This means that service users, including service users from rural areas, will not experience any changes in the quality or standards of the services they currently receive or be disadvantaged. They will continue to receive support relative to their needs.</li> <li>• No changes are proposed to the assessment process or eligibility of needs.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. While there may be some organisational changes to staffing structures, these will be undertaken in accordance with the Council's Organisational Change, Staffing Adjustments and Redeployment policy which has been equality impact assessed separately. No changes to staff terms or conditions are foreseen.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> <p>This proposal 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.</p> |

## Appendix 6: Norfolk County Council Equality Impact Assessment report 2022-23

| Reference and title of proposal:  | Potential impact   |
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|   | <p>Over the last year, the Council has undertaken a comprehensive review of potential inequalities in service provision and the workforce. The review findings are available <a href="#">here</a>. If this proposal goes ahead, it will be directly informed by the findings of this review, to ensure that the Council takes every opportunity to promote equality, diversity and inclusion in service design and commissioning.</p>  |
| <p><b>CHS002 (Extend):</b> Extending our existing savings programme to deliver additional benefits. Proposal is to expand our 2019-20 saving</p> <p><b>CHS002:</b> Alternatives to care – Investing in a range of new services which offer alternatives to care using enhanced therapeutic interventions, combined with a focus on support networks from extended families keeping families safely together where possible and averting family crises</p> | <p>If this proposal goes ahead, it will enable better outcomes for children and their families and carers, as it aims to support families to stay together and avert family crises.</p> <p>It should be considered that targeted earlier interventions with an emphasis on seeking to safely achieve a reduction in the numbers of children coming into care and keeping families together through working with extended family support networks could likely have positive impact on diverse ethnic minority children and families, given some ethnic minority groups have been historically over-represented with the care system nationally and locally. It should also be considered that there are fewer ethnic minority foster carers available to place children with.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul> |

| Reference and title of proposal:                                    | Potential impact   |
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|   | <ul style="list-style-type: none"> <li>• 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.</li> <li>• No changes are proposed to eligibility criteria for services. People who currently receive a service will continue to do so.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• There is no evidence available currently 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> <p>This proposal 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.</p> <p>Over the last year, the Council has undertaken a comprehensive review of potential inequalities in service provision and the workforce. The review findings are available <a href="#">here</a>. If this proposal goes ahead, it will be directly informed by the findings of this review, to ensure that the Council takes every opportunity to promote equality, diversity and inclusion in service design and commissioning.</p> |
| <b>CHS003 (Extend):</b> Extending our existing savings programme to | If this proposal goes ahead savings are anticipated to be delivered by the expansion of in-house services and improving locally commissioned services, which will reduce the reliance on expensive   |

| Reference and title of proposal:  | Potential impact  |
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| <p>deliver additional benefits. Proposal is to expand our 2019-20 saving</p> <p><b>CHS003:</b> 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.</p> | <p>out of county placements. This will allow the Council to support young people closer to home and will make it easier to wrap wider support services around them. Having greater capacity in services will also make placement matching easier, ensuring Children's Services is providing the right care environment for all young people in care in Norfolk, while reducing costs.</p> <p>This proposal will promote better outcomes for children and their families and carers, as it aims to create additional capacity within the Services, and maximise the funding available to invest into existing and new services.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul> |

| Reference and title of proposal: | Potential impact   |
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|                                  | <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK</li> </ul> <p>It is noted that the new national Commission on Young Lives report (December 2021) describes how Black boys in care across the UK are more likely to go on and enter the youth justice system, and how this problem is worsening as the number of Black boys going into care rises. This proposal will need to take account of these new findings and consider through robust monitoring whether there is evidence that young Black men in Norfolk are more likely to be adversely affected when placed in supported accommodation. Individual decisions about which children come into care in Norfolk are made based on a comprehensive analysis of risks and needs and a judgement about what is in their interests. Consideration of ethnicity is incorporated into this process and through our equality impact assessments, and we will continue to work to mitigate any potential adverse impact identified, including through our preventative work with children, young people and families from diverse ethnic backgrounds.</p> <p>Feedback from the public consultation echoed this point and suggested there needs to be a greater emphasis on more preventative services for young people to reduce risks of exploitation.</p> <p>This proposal 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</p> |

| Reference and title of proposal:   | Potential impact   |
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|  | <p>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.</p> <p>Over the last year, the Council has undertaken a comprehensive review of potential inequalities in service provision and the workforce. The review findings are available <a href="#">here</a>. If this proposal goes ahead, it will be directly informed by the findings of this review, to ensure that the Council takes every opportunity to promote equality, diversity and inclusion in service design and commissioning. This proposal will require monitoring to ensure that children and young people with protected characteristics experience the same outcomes.</p>  |
| <p><b>CHS007 (Extend):</b> Extending our existing savings programme to deliver additional benefits. Proposal is to expand our 2021-22 saving <b>CHS007: Inclusion (Home to School Transport)</b> by finding school places closer to home for children and young people with Special Educational Needs and Alternative Provision requirements. We will reduce transport costs associated with long journeys and ensure that children are supported towards more independent travel where appropriate.</p> | <p>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.</p> <p>If children can attend school closer to home, they are also more able to form and sustain friendships with their peers in the area. This proposal also includes focused 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.</p> <p>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.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled</li> </ul> |

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| Reference and title of proposal: | Potential impact  |
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|                                  | <p>people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.</p> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> <p>This proposal 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.</p> |

| Reference and title of proposal:   | Potential impact   |
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|  | <p>One individual provided feedback to the public consultation stating <i>“I have a friend with an autistic child, he is taken to and from a special school approximately 40 miles away by taxi, every day. The cost to the local authority must be immense, surely there must be a more efficient way to do this?”</i></p> <p>Another individual stated <i>“Not sure this is a realistic target. Where will these places come from, how will the school staff their provision to meet the needs of the children, will this lead to property spend and therefore not make any overall savings?”</i></p> <p>There was other feedback relating to SEN children &amp; young people getting diagnosis and support as early as possible and ensuring mainstream school provision was available and appropriate to meet their needs.</p> <p>The application of this proposal will require reasonable adjustments to be made for some service users, to support people to address disadvantage, as the Council recognises that children and young people with different disabilities who have Special Educational Needs may require additional tailored support.</p>  |
| <p><b>CHS008 (Extend):</b> Extending our existing savings programme to deliver additional benefits. Proposal is to expand our 2021-22 saving</p> <p><b>CHS008:</b> Smarter Working – continued modernisation through a shift to different ways of working (accelerated by COVID-19 and enabled through use of IT) to deliver savings from reduced spend on leases and associated revenue costs, ongoing departmental review of posts to ensure no duplication of activity, reducing the quantity of archive storage required, and reducing mobile phone requirements</p> | <p>This proposal follows on from work already underway through Smarter Working to ensure continued modernisation through a shift to different ways of working to deliver savings. Savings will be achieved through a reduced spend on leases and associated revenue costs with no impact on service users.</p> <p><b>There is no evidence to indicate staff with protected characteristics could be disproportionately affected</b> compared to staff without these characteristics. There may be some minor organisational changes to staffing structures or changes to staff terms or conditions however these will be implemented in accordance with the Councils policies and procedures which have already been impact assessed (Smarter Working)</p> <p>Savings will also be achieved from a reduced spend on:</p> <ul style="list-style-type: none"> <li>• Archive storage: compliance work on storage boxes as part of the Paperchase project that will otherwise incur a charge;</li> <li>• Further reduction in requirement for mobile phones: Looking into approx. 1,100 users no longer being provided with a mobile phone. IT solution, such as Yakchat, is dependency to enable delivery;</li> </ul> |

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| Reference and title of proposal:   | Potential impact  |
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| through the Bring Your Own Device project.   | <ul style="list-style-type: none"> <li>Reduction in postage costs: Automated print to post functionality meaning staff do not need to be in the office to send post.</li> </ul> <p>There is no evidence available currently 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.</p>   |
| <p><b>CHS012:</b> Further review of Special Guardianship Order spend through ensuring policy and practice is in line with best practice and national guidance.</p> | <p>National research strongly indicates that vulnerable children enjoy greater placement stability and feel a greater sense of belonging when placed with family members. The Council also has a legal duty to consider family members and people in the child's existing network prior to making other arrangements for a child to become Looked After. The implementation of Signs of Safety across Norfolk has meant that alternative family members are now being identified much earlier as potential alternative carers, potentially reducing the use of mainstream foster care but increasing kinship care. It is understood that judges are more inclined to favour family placements as well</p> <p>A change in practice by social workers, independent reviewing officers and Court Guardians will be needed to ensure that the Council's policy with respect Special Guardians is adhered to.</p> <p>The proposal recognises that there are likely to be significant benefits for children and young people who would otherwise become Looked After by the Council and therefore may potentially experience multiple placements as a result. It should also be considered that there may be positive benefits for some children and young people with protected characteristics, particularly those from diverse ethnic minority backgrounds, (Black British children and young people and children and young people of Mixed heritage) who have historically been over-represented in the LAC cohort nationally and in Norfolk. There is also national research which indicates that children from mixed heritage backgrounds are more likely to experience placement breakdowns and it is also understood that ethnicity is very important to Black and Asian children so white foster carers face extra complexity in providing them with necessary support.</p> <p>There is no evidence to indicate currently that:</p> <ul style="list-style-type: none"> <li>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</li> </ul> |

| Reference and title of proposal: | Potential impact   |
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|                                  | <p>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) compared to people who do not share these characteristics;</p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>The proposal will not lead to new or increased costs for service users.</li> <li>The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>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.</li> <li>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.</li> <li>Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> <p>The proposal takes account that Children's Services has two specialist Kinship Teams who can advise and support frontline workers with respect assessment and support of potential Special</p> |

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|  | <p>Guardians. Assessments are robust and detailed to ensure the best chance of a successful long-term outcome, and outcomes are determined through the courts.</p> <p>All children for whom the plan for permanence is Special Guardianship must be the subject of a support plan detailing current and future support required to meet the needs of the child. Foster carers who become Special Guardians will receive an allowance from the Council through until the child reaches the age of 18, including any future increases linked to the national minimum allowances set annually by central government. Special Guardians can also claim child benefit.</p> <p>This proposal 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.</p> <p>Over the last year, the Council has undertaken a comprehensive review of potential inequalities in service provision and the workforce. The review findings are available <a href="#">here</a>. If this proposal goes ahead, it will be directly informed by the findings of this review, to ensure that the Council takes every opportunity to promote equality, diversity and inclusion in service design and commissioning. This proposal will require monitoring to ensure that children and young people with protected characteristics experience the same outcomes as all other children.</p> |
| <p><b>CHS013:</b> Alignment of the Early Childhood and Family Service Community Fund budget to match the level of demand – During the pandemic there has been significant development of grassroots community support.</p> | <p>This is a grant for parent and toddler groups (up to £2500 is available per group). The ECFS Community Fund has not been drawn upon to the extent originally anticipated. This proposal aligns the budget with the current level of demand.</p> <p>It is noted that Children's Services cannot predict if demand will change when pandemic-related community support reduces, as more parent and toddler groups may resume meetings / or start up.</p> <p>This proposal has the potential to impact women (including women on maternity leave) disproportionately, given more women in Norfolk work part-time and have more childcare responsibilities and are therefore more likely to access these groups for support, however it is important to note there has not been take up of the grant to the expected level because of the pandemic and many of these groups are self-sustaining and self-funding. There is no intention to</p>  |

| Reference and title of proposal: | Potential impact   |
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|                                  | <p>withdraw funding already provided to groups and there is other support available to these groups through other grants (including from District and local Town &amp; Parish Councils).</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• The proposal would have a disproportionate or detrimental impact on other people with protected characteristics (such as older and younger people; men 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because</p> <ul style="list-style-type: none"> <li>• This is fund drawn on by community groups to enhance their local offer of support to parents with young children.</li> <li>• Existing and new community groups will still be able to apply for funding (albeit fewer grants may be available based on current levels of demand). No changes are proposed to eligibility criteria for services, so affected groups will continue to receive support relevant to their assessed needs. People who currently receive a service will continue to do so.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> </ul> |

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| Reference and title of proposal: | Potential impact  |
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|                                  | <ul style="list-style-type: none"><li>• 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.</li><li>• Similar proposals have been successfully implemented elsewhere in the UK.</li></ul> <p>Next year the available budget will be reviewed, dependent on the level of demand for this grant funding.</p> |

## Community and Environmental Services budget proposals 2022/2023

| Reference and title of proposal:  | Potential impact  |
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| <p><b>CES050/CES051:</b> Buying rather than leasing fire service vehicles (including Fire Engines). This would bring savings while keeping the same number of vehicles on the road.</p> | <p>If this proposal goes ahead there will be no change to the numbers of fire service vehicles available for use in Norfolk.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act</li> </ul> |

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| Reference and title of proposal:  | Potential impact   |
|---|--|
|   | <p>2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>  |
| <p><b>CES091:</b> Review of Growth Pressures. Up-front funding for project development.</p> | <p>The Service is proposing to fund this from the balance of the pooled business rates, which is in the Council's control, there is no impact on front line services or on the workforce.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul> |

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| Reference and title of proposal:  | Potential impact   |
|---|--|
|   | <ul style="list-style-type: none"> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>  |
| <p><b>CES104:</b> Delegated grass-cutting to be changed from District to Tarmac (Breckland)</p> | <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because</p> <ul style="list-style-type: none"> <li>• 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</li> </ul> |

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| Reference and title of proposal:                             | Potential impact  |
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|  | <p>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.</p> <ul style="list-style-type: none"> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>  |
| <p><b>CES092:</b> Review of on-street parking operation.</p> | <p>This proposal is to review on-street parking charges (Pay &amp; Display and residents parking) across Kings Lynn, Great Yarmouth and Norwich and assumes some increase in parking charges in particular locations. Tariffs have not been reviewed since 2009</p> <p>The purpose of the proposal is to provide an effective parking service in these locations and manage the Council's assets in a cost-effective way, while still ensuring that local people's parking needs are met. It is understood that car parking charges can influence travel choices and promote sustainable transport choices. There is currently no intention to reduce the amount of parking or type of parking available to local people.</p> <p>It is understood that any increase in residents parking charges would potentially have a more significant impact on lower income households and particularly on those who rely on using their own vehicles for work (including delivery drivers and tradespeople who may be on zero-hour contracts). There is some evidence nationally to suggest that there are likely to be a disproportionate number of people from diverse ethnic backgrounds in these jobs. There may also be a greater impact on disabled people on lower incomes who rely on a Motability vehicle to travel independently, however it should be</p> |

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|                                  | <p>considered that this group will also be in receipt of the higher rate PIP mobility payment which may offset some impact.</p> <p>It is recognised that all Blue Badge holders will continue to be able to park free of charge at Pay &amp; Display sites and that disabled and older people (and some eligible carers) will continue to be able to access free (off-peak) bus transportation across Norfolk. This does mitigate the impact of any increase to Pay &amp; Display parking charges on disabled and older people. Full time students aged 5-19 (including those studying at City College Norwich) can also access discounted fares for unlimited travel on First Buses.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; people who identify as intersex or non-binary; disabled people; people who identify as lesbian, gay, bisexual or transgender) compared to people who do not share these characteristics;</li> </ul> <p>It should also be considered that:</p> <ul style="list-style-type: none"> <li>• In order for these proposals to take effect the existing Traffic Regulation Order will need to be amended and it is proposed to include an automatic annual traffic review (linked to RPI). This will ensure that the proposal will follow a consultation process which will ensure that people with diverse protected characteristics have the opportunity to give feedback.</li> <li>• The Council will communicate with those residents likely to be affected as early as possible because the proposal may lead to increased costs for some local residents, thus enabling them to prepare in advance and give their views.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act</li> </ul> |

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| Reference and title of proposal:                               | Potential impact   |
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|  | <p>2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements.</p> <ul style="list-style-type: none"> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> <p>This proposal 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.</p>   |
| <p><b>CES093:</b> Capitalisation of Flood mitigation works</p> | <p>This proposal will generate a saving through recognising flood mitigation works as assets rather than expenses, due to the Council's longer-term work and investment into the development of these.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because</p> |

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| Reference and title of proposal:   | Potential impact  |
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|  | <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>CES052:</b> Charge for some of the expert planning advice and services we provide. This proposal requires that some of the costs for environment planning advice and information be transferred from the County Council revenue budget to a charge to the planning system. Enacting this change will require engagement with Tier 2 Local Authorities for those planning functions they cover.</p> | <p>If this proposal goes ahead it will enable the generation of additional revenue for re-investment.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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</li> </ul>   |

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| Reference and title of proposal:   | Potential impact   |
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|  | <p>independence, compared to disabled people who face less complex and substantial barriers to independence.</p> <p>This is because</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>CES053:</b> Efficiency savings (Planning Service). A number of small savings from across the department to reflect various changes in processes, practice, and ways of working with no impact on service delivery.</p> | <p>There may be some evidence to indicate staff with protected characteristics could be disproportionately affected compared to staff without these characteristics. There may be some minor organisational changes to staffing structures with no changes to staff terms or conditions however these will be implemented in accordance with the Council's policies and procedures which have already been impact assessed (Organisational Change, Staffing Adjustments and Redeployment).</p> <p>This proposal 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 employees with protected characteristics that it was not possible to predict at the time of conducting this assessment, this will be</p>  |

| Reference and title of proposal:                                      | Potential impact   |
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|   | reported formally to the Cabinet, to enable next steps to be agreed before proceeding further.   |
| <p><b>CES094:</b> Bring forward the reversal of Brexit pressures.</p> | <p>In 2020/21 the Council increased the budget in Trading standards, on a temporary basis, to deal with additional workloads arising from the transition from the EU. This was a short-term increase based on the understanding that workloads would reduce in 2023/24. Given other support made available for Trading standards we are able to reduce expenditure earlier with no impact on service users or the workforce.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> </ul> |

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| Reference and title of proposal:   | Potential impact   |
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|  | <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>  |
| <p><b>CES054:</b> Contract efficiencies. Working with contractors to deliver lower costs from the arrangements at waste transfer stations.</p> | <p>This proposal relates to contractors and waste transfers, not household waste so it will not impact on individual household waste collection charges.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>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) compared to people who do not share these characteristics;</li> <li>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.</li> </ul> <p>This is because</p> <ul style="list-style-type: none"> <li>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</li> </ul> |

| Reference and title of proposal:   | Potential impact   |
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|  | <p>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.</p> <ul style="list-style-type: none"> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>CES095:</b> Capitalise additional ICT costs but fund from within existing capital allocations rather than increase capital requirement – Yotta.</p> <p><b>CES096:</b> Capitalise additional ICT costs but fund from within existing capital allocations rather than increase capital requirement – Arc GIS</p> | <p>Yotta is a connected asset management software and services provider.</p> <p>ArcGIS is a family of client software, server software, and online geographic information system services developed and maintained by Esri.</p> <p>These proposals will generate a saving through recognising particular IT systems as assets rather than expenses, due to the Council's longer-term work and investment into the development of these systems.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> </ul>   |

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| Reference and title of proposal:  | Potential impact   |
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|   | <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>CES055:</b> Charges for trade waste disposal. Updating principles for dealing with costs of trade waste collected by some district councils</p> | <p>This proposal relates to “trade” not household waste so will not impact on individual household waste collection charges.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and</li> </ul>   |

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| Reference and title of proposal:  | Potential impact   |
|---|--|
|   | <p>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) compared to people who do not share these characteristics;</p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p>This is because</p> <ul style="list-style-type: none"> <li>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.</li> <li>The proposal will not lead to new or increased costs for service users.</li> <li>The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>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.</li> <li>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.</li> <li>Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <b>CES056:</b> Review of estimates for waste budget increases. Budgets can be | This proposal will achieve savings through new contracts with lower costs.   |

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|---|---|
| adjusted to reflect new contracts with a lower unit cost. | <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> </ul> |

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| Reference and title of proposal:       | Potential impact  |
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|  | <ul style="list-style-type: none"> <li>Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>   |
| <b>CES097:</b> Remove CES ICT reserve. | <p>This proposal will achieve savings by limiting the budget set aside for additional ad-hoc or unbudgeted ICT spending.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>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) compared to people who do not share these characteristics;</li> <li>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.</li> </ul> <p>This is because</p> <ul style="list-style-type: none"> <li>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.</li> <li>The proposal will not lead to new or increased costs for service users.</li> <li>The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act</li> </ul> |

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|   | <p>2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>  |
| <p><b>CES057:</b> Reduce recycling centre management costs. Working with a contractor to deliver lower costs of service delivery.</p> | <p>The Greater Norwich area will benefit from two brand new recycling centres set to open in 2021. Both the Norwich North and Norwich South sites are at locations with good transport links to make them accessible to as many people as possible. The new centres have been designed to be as inclusive and accessible as possible and will include a large reuse shop, parking for cars and bikes and bins at lower levels. Essential waste collection and servicing operations will remain unchanged.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because</p> |

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| Reference and title of proposal:   | Potential impact   |
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|  | <ul style="list-style-type: none"> <li>• This proposal for a reduction in management costs is likely to have a positive impact on service users.</li> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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. Staff employed by the responsible contractor may be affected.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <b>CES098:</b> Use of Public Health Funding to off-set cost of service delivery (Museums). | <p>This proposal recognises that some museums services deliver real public health benefits and therefore can be funded by Public Health to offset the costs of these functions.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> </ul>  |

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| Reference and title of proposal:   | Potential impact  |
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|  | <ul style="list-style-type: none"> <li>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.</li> </ul> <p>This is because</p> <ul style="list-style-type: none"> <li>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.</li> <li>The proposal will not lead to new or increased costs for service users.</li> <li>The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>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.</li> <li>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.</li> <li>Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>CES058:</b> Two brand new recycling centres will cost less to run. Savings made as the operating costs of the two new recycling centres (Norwich North and Norwich South) will be lower than the</p> | <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>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</li> </ul>   |

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| existing sites at Mile Cross and Ketteringham. | <p>religions and beliefs; people who identify as lesbian, gay, bisexual or transgender) compared to people who do not share these characteristics;</p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p>This is because</p> <ul style="list-style-type: none"> <li>This proposal will result in savings due to the lower running costs of the recycling centres.</li> <li>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.</li> <li>The proposal will not lead to new or increased costs for service users.</li> <li>The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>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.</li> <li>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. Staff employed by the responsible contractor may be affected.</li> <li>Similar proposals have been successfully implemented elsewhere in the UK</li> </ul> |

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| Reference and title of proposal:  | Potential impact  |
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| <p><b>CES099:</b> Increased 2021 contract saving over and above £250,000 (Tarmac)</p> | <p>This proposal will achieve savings through new contracts with lower costs.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics.</li> </ul> |

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| Reference and title of proposal:   | Potential impact  |
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|  | <p>There will be no organisational changes to staffing structures and no changes to staff terms or conditions.</p> <ul style="list-style-type: none"> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>  |
| <p><b>CES059:</b> Identifying contract efficiency savings. Working with highways contractors to deliver savings from management overheads.</p> | <p>This proposal is aimed at delivering savings through a reduction in management costs working with highways contractors.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• The proposal will be implemented in accordance with the Council's Equality, Diversity and Inclusion policy; the Public Sector Equality Duty; the Equality Act</li> </ul> |

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| Reference and title of proposal:  | Potential impact  |
|---|---|
|   | <p>2010; the Accessible Information Standard and all other relevant equality, diversity and inclusion requirements.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>   |
| <p><b>CES100:</b> Increased saving over and above original business plan (Norse Highways)</p> | <p>This proposal will achieve savings through new contracts with lower costs.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> </ul> |

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| Reference and title of proposal:   | Potential impact  |
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|  | <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>   |
| <p><b>CES060:</b> Fixed Penalty Notices. Income from fines if utilities and other companies do not comply with the roadwork permits they have been issued.</p> | <p>This proposal relates to FPN issued to businesses for non-compliance with permits issued and not FPNs issued to individuals.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>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) compared to people who do not share these characteristics;</li> <li>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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>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.</li> </ul> |

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| Reference and title of proposal:                       | Potential impact   |
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|  | <ul style="list-style-type: none"> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>  |
| <p><b>CES101:</b> Reduced spend on materials fund.</p> | <p>This proposal is for a small reduction in the amount that the Libraries Service will spend on new “materials” in the libraries. Norfolk Library Services already has a significant stock of materials across all locations and therefore it is not envisaged that this will have any impact on service users, particularly as distribution services are being streamlined to ensure that stock is more accessible across the county and the Service continues to expand their online offer.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> |

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|  | <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>CES061:</b> Fines for overrunning roadworks. Income from fines if utilities and other companies do not comply with the roadwork permits they have been issued.</p> | <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul>  |

| Reference and title of proposal:   | Potential impact  |
|--|---|
|  | <p>This is because:</p> <ul style="list-style-type: none"> <li>• This proposal relates to FPN issued to businesses for non-compliance with permits issued and not to FPNs issued to individuals.</li> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>CES102:</b> Use of Public Health Funding to off-set cost of service delivery (Libraries)</p> | <p>This proposal recognises that some library services deliver real public health benefits and therefore can be funded by Public Health to offset the costs of these functions.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• The proposal would more significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for</li> </ul>   |

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|   | <p>example, disabled people who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.</p> <p>This is because</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>CES062:</b> Create new streetworks technician post. A new streetworks technician post would help strengthen the team that have oversight of roadworks carried out by utility companies across the county. The role could help bring in additional income by improving the management of temporary traffic orders.</p> | <p>This proposal is for a new post which will positively contribute to oversight and management of roadworks, resulting in less traffic disruption which should have a positive benefit for local communities.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> </ul>   |

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|--|---|
|  | <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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 – any recruitment will be carried out in accordance with Council policies and procedures.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <b>CES103:</b> Additional income targets within Adult learning | <p>Adult Learning offer a broad range of learning programmes for adults in Norfolk across 4 strands:</p> <ul style="list-style-type: none"> <li>• Education &amp; Training (functional and vocational qualifications funded by the DfE)</li> <li>• Apprenticeships (funding via employers and government grants)</li> <li>• Community Learning (100% grant funded courses)</li> </ul>   |

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|----------------------------------|---|
|                                  | <ul style="list-style-type: none"> <li>Personal Development (self-financed by learners with no government funding or requirements).</li> </ul> <p>While most courses for learners are fully funded through the DfE or via grants / employer contributions, this proposal sets stretching targets for the service with respect generating additional income to offset overheads and maintain or increase provision in future. This additional income will be achieved through increasing the offer of self-financed personal development courses to learners and extending the apprenticeship programme to work with more employers across Norfolk.</p> <p>Adult Learning data shows that the service attracts a diverse range of learners and achieves positive outcomes. In 2019/20 the largest group of adult learners in Norfolk (46%) were aged 31- 48 years, with 15% of learners aged 61+ years. 20% of the year's cohort identified as having a learning difficulty or disability, in line with Norfolk demographics.</p> <p>Adult Learning has also been successful in attracting learners from diverse ethnic backgrounds (including migrant workers). 75% of the 2019/20 cohort identified as "White British" with 15% as "Other ethnicity". These learners are significantly more likely to achieve on courses that have lower attainment levels nationally, including entry level English and Maths.</p> <p>The service has also extended its offer by increasing access to courses online. This has increased opportunities for a diverse range of people (particularly disabled learners and learners in rural communities) to access courses across Norfolk.</p> <p>Increasing local people's opportunities to access adult learning courses and apprenticeships is likely to have a positive impact for some groups of people with protected characteristics. It is understood that in Norfolk (as is the case elsewhere in the UK) some diverse ethnic groups of young people perform significantly less well at KS4, particularly Black Caribbean young people, Gypsy Roma and Traveller young people and White British young people from the lowest income households. These groups therefore likely have far greater need for adult education opportunities in order to</p> |

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|                                  | <p>access higher education and employment. It is also important to reflect that some diverse ethnic minority young people in Norfolk are currently significantly less likely to take up apprenticeships (Indian &amp; Pakistani young people particularly).</p> <p>If this proposal goes ahead, there is no evidence to indicate that it will:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• The proposal will not lead to new or increased costs for service users. Service users will not experience any reduction in the level of support they currently receive. No changes are proposed to eligibility criteria, so people should continue to receive support and funding relevant to their assessed needs. People who currently access the service will continue to do so.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• There is no evidence currently to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these</li> </ul> |

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| Reference and title of proposal:  | Potential impact  |
|---|---|
|   | <p>characteristics. There will be no organisational changes to staffing structures and no changes to staff terms or conditions.</p> <ul style="list-style-type: none"> <li>Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> <p>This proposal 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.</p> <p>Over the last year, the Council has undertaken a comprehensive review of potential inequalities in service provision and the workforce. The review findings are available <a href="#">here</a>. If this proposal goes ahead, it will be directly informed by the findings of this review, to ensure that the Council takes every opportunity to promote equality, diversity and inclusion in service design. This proposal will require monitoring to ensure that people with protected characteristics continue to experience the same outcomes as those who do not share these.</p> |
| <p><b>CES063:</b> Restructure the highways services team. This would affect the back-office team and no redundancies would be expected.</p>   | <p><b>There is no evidence available currently</b> to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be minimal organisational changes to staffing structures and no changes to staff terms or conditions. Any changes will be managed in line with policies and procedures that have already been subject to an EQiA</p>  |
| <p><b>CES064:</b> Maximise efficiency of winter gritting by using the latest technology. New navigation systems in all gritters will automatically control salt spread rates to best suit precise locations and conditions.</p> | <p>This proposal is aimed at improving gritting during cold weather, which should have a positive benefit on road safety and reduce travel disruption in the winter months and should have a positive impact on people travelling in rural areas.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who</li> </ul>   |

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|                                  | <p>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) compared to people who do not share these characteristics;</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |

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| <p><b>CES065:</b> Increase the Highway Design Team charge rates for work on major infrastructure delivery. This will increase the design team fees charged to internal and external clients and ensure full cost recovery.</p> | <p>This proposal is intended to generate revenue and ensure full cost recovery and will benefit all local people as additional funding is made available for re-investment.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> </ul> |

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|   | <ul style="list-style-type: none"> <li>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.</li> <li>Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>  |
| <p><b>CES066:</b> Fund part of the Council's economic projects budget from an alternative source. Use the County Council's share of income from existing Enterprise Zone sites within Norfolk to fund economic projects</p> | <p>This proposal intends to reinvest the Council's share of income from the Enterprise Zones into other economic projects for the benefit of local people.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>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) compared to people who do not share these characteristics;</li> <li>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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>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.</li> <li>The proposal will not lead to new or increased costs for service users.</li> <li>The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> </ul> |

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|   | <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>   |
| <p><b>CES067:</b> New library operations centre to cut costs. The new operations centre at Hethersett provides streamlined distribution and enables efficiencies.</p> | <p>This proposal aims at improving the supply and delivery of books and other library resources direct to libraries from suppliers. Savings are achieved through efficiencies achieved in the distribution process through the back office.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>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) compared to people who do not share these characteristics;</li> <li>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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>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.</li> </ul> |

| Reference and title of proposal:   | Potential impact  |
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|  | <ul style="list-style-type: none"> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• There may be some evidence to indicate staff with protected characteristics could be disproportionately affected compared to staff without these characteristics. There may be some minor organisational changes to staffing structures with no changes to staff terms or conditions however these will be implemented in accordance with the Council's policies and procedures which have already been impact assessed (Organisational Change, Staffing Adjustments and Redeployment).</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>    |
| <p><b>CES068:</b> Efficiency savings (Community Information and Learning). A number of small savings from across Adult Learning to reflect various changes in processes, practice, ways of working, and additional external funding, with no impact on service delivery.</p> | <p>This proposal will focus on achieving efficiencies through changes to processes and ways of working, taking account of new funding opportunities to maintain and extend existing levels of services to learners.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> |

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|   | <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• There is no evidence available currently to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will be minimal organisational changes to staffing structures and no changes to staff terms or conditions. Any changes will be implemented in accordance with the Council's policies and procedures which have already been impact assessed</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>CES0:</b> Restructure back-office support team. Some processes are more efficient and therefore the structure of the team could be amended to reflect that.</p> | <p>There may be some evidence to indicate staff with protected characteristics could be disproportionately affected compared to staff without these characteristics. There may be organisational changes to staffing structures with no changes to staff terms or conditions however these will be implemented in accordance with the Council's policies and procedures which have already been impact assessed - for further information about the equality impacts of proposals (Organisational Change, Staffing Adjustments and Redeployment).</p> <p>This proposal 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 employees with protected characteristics that</p>  |

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|   | 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.   |
| <p><b>CES070:</b> Reduce software costs.<br/>Switching to a new provider of design software will meet required needs while also saving money.</p> | <p>This proposal is for a change in provider for design software at a reduced cost, with no anticipated impact for users (as software will still be designed to meet the needs of all users).</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> </ul> |

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| Reference and title of proposal:  | Potential impact   |
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|   | <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>  |
| <p><b>CES071:</b> Capitalisation of IT costs to bring revenue savings. Capitalising the cost of some IT systems e.g. those used by highways as part of their work to develop the asset.</p> | <p>This proposal will generate a saving through recognising particular IT systems as assets rather than expenses, due to the Council's longer-term work and investment into the development of these systems.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>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) compared to people who do not share these characteristics;</li> <li>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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility</li> </ul> |

| Reference and title of proposal:  | Potential impact  |
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|   | <p>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.</p> <ul style="list-style-type: none"> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>CES072:</b> Additional Streetworks income. Employing an additional Streetworks Temporary Traffic Regulation Order (TTRO) Officer would result in additional income.</p> | <p>This proposal for the employment of an additional TTRO Officer will increase revenue collected for the benefit of local people and will improve the management of street works in Norfolk.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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</li> </ul>   |

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| Reference and title of proposal:   | Potential impact  |
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|  | <p>disabled people who face less complex and substantial barriers to independence.</p> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>CES073:</b> Increase the Infrastructure Projects charge rates for work on major infrastructure delivery. This will increase the design team fees charged to internal and external clients and ensure full cost recovery.</p> | <p>This proposal will generate additional revenue / ensure full cost recovery through work undertaken by the design team on infrastructure project work.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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</li> </ul>   |

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|  | <p>beliefs; people who identify as lesbian, gay, bisexual or transgender) compared to people who do not share these characteristics;</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>CES074:</b> Increased income and lower costs for the street lighting and traffic signals Electrical Services Team. This will see savings achieved from increased</p> | <p>This proposal will generate additional revenue through work undertaken by the Electrical Services Team.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p>  |

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| <p>recharges and system optimisation / efficiencies. In addition, income would be raised by introducing charging for developer advice.</p> | <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>CES075:</b> Increased income and lower costs for the Transport Team. This</p>  | <p>Connecting Norfolk (<a href="#">Norfolk's Transport Plan for 2026</a>) places importance on:</p>  |

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| <p>proposal will see savings achieved from increased recharges and system optimisation / efficiencies achieved through changing the way services are delivered.</p> | <ul style="list-style-type: none"> <li>• Achieving efficient movement into town and urban centres, favouring short term parking for car drivers, which benefits the local economy and supports alternative travel options</li> <li>• Providing opportunities for sustainable tourism, recognising the benefit of community and heritage rail lines</li> <li>• Providing accessible transport services</li> <li>• Encouraging alternatives to travel, such as supporting high quality broadband.</li> </ul> <p>There is a strong emphasis on working in partnership to achieve the intentions set out in Connecting Norfolk as well as enabling the community to take more ownership and responsibility:</p> <p>The proposal is to consider where and how make use of alternative sources of funding for existing transport services and to review current arrangements to identify efficiencies and improve the local offer. There will be a shift towards more demand responsive transport in rural areas which may likely have a positive impact on all service users and may particularly benefit disabled and older people who may be more reliant on public transport in rural areas to move around independently.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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</li> </ul> |

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|  | <p>disabled people who face less complex and substantial barriers to independence.</p> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>CES076:</b> Reduced highways equipment costs. Following the transfer to NORSE Highways, we have been able to reduce the cost of equipment.</p> | <p>This proposal will result in lower costs for highways equipment used.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> </ul>   |

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|   | <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK</li> </ul> |
| <p><b>CES077:</b> Income generation from highways assets. Increase income from additional highway advertising and sponsorship sites - for example new signs on verges</p> | <p>The Council offers advertising opportunities to generate income aimed at supporting our services and achieving best value for our residents. As a local authority with specific duties and responsibilities the Council takes regard of the type and nature of the advertising that is acceptable.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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</li> </ul>  |

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|   | <p>people from ethnically diverse backgrounds; people with different religions and beliefs; people who identify as lesbian, gay, bisexual or transgender) compared to people who do not share these characteristics;</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>CES078:</b> Increased income generation by Trading Standards. Further work to generate income through the metrology service, in addition to the existing income generation targets.</p> | <p>This proposal will generate additional revenue through work by undertaken by Trading Standards.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• Have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people who</li> </ul>   |

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|  | <p>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) compared to people who do not share these characteristics;</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <b>CES079:</b> Seeking alternative funding sources for the Library and Information | The Council's most recent data shows that the Library and Information service is accessed by a diverse range of service users, including diverse ethnic minority people  |

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| <p>Service. Review of external funding and staff structure options.</p> | <p>and disabled people in Norfolk. As of May 2021, almost 61% of the 440,000 registered users were White British people while 10% were from diverse ethnic minority backgrounds. 2% of registered users were Home Library Service or Equal Access users. It is therefore important to reflect that any changes to the way services are provided may have some impact on people with protected characteristics living and working in Norfolk.</p> <p>Over the past year the Service has been looking at how funding can be accessed or used in different ways to maintain existing service levels for library users. This proposal takes account of available capital and partnership funding, as well as different grant programmes to secure some posts and anticipates that existing core / statutory service provision will be maintained, while savings are achieved.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility</li> </ul> |

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|   | <p>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.</p> <ul style="list-style-type: none"> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>CES080:</b> Cost Recovery for the American Library: The American Library based in the Millennium Library operates in partnership with the Second Air Division Memorial Trust. This proposal seeks to permanently remove the NCC contribution towards staffing costs and requires third party approval. The library would continue to operate at current levels if agreed.</p> | <p>Agreement has now been reached with respect to identifying an alternate source of funding for staffing costs for the American Library and as a result this proposal will have no impact on the current service or on staff although there will be a saving to the Council.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people</li> </ul>  |

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|   | <p>who experience complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.</p> <p>This is because:</p> <ul style="list-style-type: none"> <li>• Service users will not experience any reductions in the quality, standards or levels of service they currently receive. People who currently receive a service will continue to do so.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> </ul> |
| <p><b>CES081:</b> Customer Services efficiency savings. This proposal reflects removing or changing courier arrangements across the Council. The introduction of a new logistics hub means this saving is possible.</p> | <p>The introduction of the "Connect-Send" online courier service allows all Council staff to create and send outbound correspondence direct from any device connected to the Council's network:</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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</li> </ul>   |

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| Reference and title of proposal:   | Potential impact  |
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|  | <p>beliefs; people who identify as lesbian, gay, bisexual or transgender) compared to people who do not share these characteristics;</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <b>CES082:</b> Education Library Service: this proposal removes the subsidy to maintain an Education Library Service and would | The ELS is a non-statutory service which individual schools buy into as they deem necessary. In recent years the Norfolk ELS has been providing specialist advice and   |

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| Reference and title of proposal:                           | Potential impact   |
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| <p>cease the service to schools in its current format.</p> | <p>support to 71 schools (around 14% of all schools in Norfolk). The ELS has been operating at a loss in recent years with the Council making up the shortfall in budget.</p> <p>The ELS team currently supports schools who choose to buy in this service to develop their own library resources and also provides specialist advice and guidance to these schools on developing pupil literacy (through the provision of resources, training and school visits, including with a mobile library). While this proposal will likely to have some immediate impact on the schools who currently buy in this service and it is understood that there is evidence to show that some children and young people with protected characteristics do have different levels of attainment through KS1-4 with respect to literacy (particularly some Black, Asian and other minority ethnic groups including Gypsy Roma and Traveller children and young people and some children and young people with SEN) there is currently insufficient evidence to show that this proposal will;</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• There is no evidence available which shows that there are currently more children and young people with protected characteristics than children and</li> </ul> |

| Reference and title of proposal: | Potential impact  |
|----------------------------------|---|
|                                  | <p>young people without these characteristics accessing the support available from the ELS via their schools.</p> <ul style="list-style-type: none"> <li>• Plans have been put in place to compensate for the loss of this service which should mitigate any potential disproportionate / detrimental impact on individual children, young people and their families. These include: <ul style="list-style-type: none"> <li>○ The proposal to develop a dedicated children &amp; young people's team within the Library &amp; Information Service with a focus on delivering targeted programmes to promote reading and support literacy development (<i>including activities such as the Summer Reading Challenge, Story Explorers and “#live read” which are promoted to all children and young people across Norfolk</i>)</li> <li>⊖ The Service will continue to engage directly with <i>all</i> Norfolk schools, encouraging them to visit their local community libraries.</li> <li>○ The Service will continue to deliver the public mobile library service to rural communities across Norfolk.</li> <li>○ The Service will continue to undertake targeted engagement work with families from diverse ethnic minority communities and LGBTQ+ families to encourage access to books, reading and other educational resources via the core public library network.</li> <li>○ The Service will continue to develop its online offer to ensure that this meets Accessibility Standards and that all children, young people and their families can access resources online, including the option for an “eLite” membership.</li> <li>○ There is also specialist literacy support and advice available for SEN and GRT children and young people through the Norfolk Virtual Schools Service.</li> </ul> </li> <li>• Individual 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.</li> </ul> |

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| Reference and title of proposal:   | Potential impact  |
|--|---|
|  | <ul style="list-style-type: none"> <li>• The proposal will not lead to new or increased costs for individual service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• There is no evidence currently available to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. Any redeployment of staff will be carried out in accordance with Council policies and procedures - for further information about the equality impacts of proposals (Organisational Change, Staffing Adjustments and Redeployment).</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> <p>An individual provided feedback to the budget consultation stating <i>"this proposal removes the subsidy to maintain an Education Library Service and would cease the service to schools in its current format. Important for all children in Norfolk to have access to books and for some children this may only be via their school."</i></p> <p>This proposal 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.</p> |
| <p><b>CES083:</b> Review software and rationalise functionality within other existing systems. This proposal will save money by the Council ceasing to use two current</p> | <p>This proposal relates to two specific pieces of licenced software. The plan is to replace these with internally developed software (for time recording purposes and for a historically low usage specialist Highways design service) with a cost saving. Staff and services users will not be adversely affected by this change.</p>   |

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| Reference and title of proposal:                               | Potential impact  |
|--|---|
| systems replacing them with alternative, lower cost solutions. | <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> </ul> |

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| Reference and title of proposal:  | Potential impact   |
|---|--|
|   | <ul style="list-style-type: none"> <li>Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>  |
| <p><b>CES084:</b> Restructuring some back-office support teams. Savings from increased in manager self-service enabled by the Council's new HR and Finance system (MyOracle), and other changes in ways of working.</p>   | <p>The decision to introduce MyOracle was agreed by Cabinet several years ago and the potential equality impacts were considered at this time as part of this decision.</p> <p>There may be some evidence to indicate staff with protected characteristics could be disproportionately affected compared to staff without these characteristics. There may be organisational changes to staffing structures and no changes to staff terms or conditions however these will be implemented in accordance with the Councils policies and procedures which have already been impact assessed - for further information about the equality impacts of proposals (Organisational Change, Staffing Adjustments and Redeployment) relating to the workforce please see <b>Annex B</b></p> <p>This proposal 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 employees with protected characteristics 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.</p> |
| <p><b>CES085:</b> Review of Museums budgets to reflect process and ways of working efficiencies. This proposal reflects additional partnership income, plus additional staffing budget savings including vacancy management, with no change in the service delivered.</p> | <p>Over the past year the Museums Service has been looking at how funding can be accessed or used in different ways to maintain existing service levels.</p> <p>This proposal takes account of available additional partnership funding, as well as grant programmes to secure existing posts and services and anticipates that existing services will be maintained, while savings are achieved. Some vacant posts will not be filled at this time as a result, but this will not impact on current services / facilities available to the public.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p>  |

| Reference and title of proposal: | Potential impact   |
|----------------------------------|--|
|                                  | <ul style="list-style-type: none"> <li>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) compared to people who do not share these characteristics;</li> <li>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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>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.</li> <li>The proposal will not lead to new or increased costs for service users.</li> <li>The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>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.</li> <li>There is no evidence available currently 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.</li> <li>Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |

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| Reference and title of proposal:   | Potential impact  |
|--|---|
| <p><b>CES086:</b> Income generation by the Norfolk Record Office. This proposal reflects an increase in income through the launch of a new online service for ordering digital images and an anticipated increase in revenue from licenced images following the launch of the 1921 census.</p> | <p>This proposal anticipates the generation of additional revenue from a new online service for ordering licensed images and following the launch of the 1921 Census.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> </ul> |

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| Reference and title of proposal:  | Potential impact   |
|---|--|
|   | <ul style="list-style-type: none"> <li>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.</li> <li>Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>  |
| <p><b>CES087:</b> Additional costs for advisory work met through the planning system.</p> | <p>This proposal will generate additional revenue through charges for pre-application planning advice undertaken.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>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) compared to people who do not share these characteristics;</li> <li>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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>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.</li> <li>The proposal will not lead to new or increased costs for service users.</li> </ul> |

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| Reference and title of proposal:   | Potential impact   |
|--|--|
|  | <ul style="list-style-type: none"> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>   |
| <p><b>CES088:</b> Culture and Heritage (Planning Service). Savings from planning application work being dealt with in house at the County Council.</p> | <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• Service users will not experience any reductions in the quality, standards or levels of service they currently receive. No changes are proposed to eligibility</li> </ul> |

| Reference and title of proposal:  | Potential impact  |
|---|---|
|   | <p>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.</p> <ul style="list-style-type: none"> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>CES089:</b> Reduction in existing budget pressure for Fire Service. This saving reflects a reduction in the anticipated required pension contributions for Fire Service currently provided for in the budget.</p> | <p>This proposal takes account that all Pension Schemes must be re-evaluated every few years to ensure there are sufficient funds to cover. If not, the employer (and employee) must increase contributions, and if there is more than is required, contributions may decrease. The forecast for this year has identified that there is an opportunity to reduce the employer contribution with no impact on staff.</p> <p>There is no evidence available currently 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.</p>   |
| <p><b>CES090:</b> Finalising a restructure of the [Fire Service] senior management team and strategic operational command arrangements.</p>   | <p>As a result of a small restructure in 2020 it was identified that a vacant post in strategic operational command (at on-call level 4) could be filled by a green-book employee with a saving with no impact on service delivery or on existing employees.</p> <p>There is no evidence to indicate staff with protected characteristics could be disproportionately affected compared to staff without these characteristics. There will be</p>   |

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| Reference and title of proposal: | Potential impact  |
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|                                  | no further organisational changes to staffing structures and no changes to staff terms or conditions and changes have been implemented in accordance with the Councils policies and procedures which have already been impact assessed. |

## Strategy and Transformation budget proposals 2022/2023

| Reference and title of proposal:  | Potential impact   |
|---|--|
| <p><b>S&amp;T005:</b> National Insurance savings on employee support schemes - invest to save approach based on promoting uptake of salary sacrifice arrangements to deliver Employer's NI savings</p>  | <p>This proposal considers an invest to save approach based on promoting uptake of salary sacrifice arrangements to deliver Employer's NI savings.</p> <p>There is no evidence to indicate staff with protected characteristics could be disproportionately affected compared to staff without these characteristics, however there is evidence to suggest that some staff with protected characteristics may positively benefit (women) - for further information about the equality impact of this proposal please see <b>Annex B</b></p> <p>This proposal 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 employees with protected characteristics 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</p>                 |
| <p><b>S&amp;T001:</b> Reduction in HR budgets. Savings to be delivered through a range of measures including efficiency savings arising from the new HR and Finance system (MyOracle). Approach will include revised service delivery model and savings from central rationalisation of HR functions (Fire HR transfer into central HR budget), as well as savings from reduced mileage, printing etc as a result of new ways of working.</p> | <p>This proposal considers the revised service delivery model and savings from central rationalisation of HR functions (Fire HR transfer into central HR budget), as well as savings from reduced mileage, printing etc as a result of new ways of working. Some of these savings will have no impact on staff.</p> <p>There may be some evidence to indicate staff with protected characteristics could be disproportionately affected compared to staff without these characteristics. There may be some organisational changes to staffing structures and/or changes to staff terms or conditions however these will be implemented in accordance with the Councils policies and procedures which have already been impact assessed - for further information about the equality impacts of proposals (Organisational Change, Staffing Adjustments and Redeployment) relating to the workforce please see <b>Annex B</b></p> <p>This proposal may require officers to undertake additional equality impact assessments when developing detailed service design proposals and implementation plans. If, during</p> |

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| Reference and title of proposal:  | Potential impact  |
|---|---|
|   | consideration of these, it emerges that an aspect of a proposal may have a significant detrimental or disproportionate impact on employees with protected characteristics 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   |
| <p><b>S&amp;T002:</b> Insight &amp; Analytics budget saving and additional income. Deliver a saving by delaying recruitment and seeking alternative sources of funding for currently vacant posts</p> | <p>Currently these posts are vacant so this proposal will have no impact on existing service levels and current employees will not be affected by this proposal. Where alternative sources of funding are achieved, service users will benefit from having additional officers in post.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> </ul> |

| Reference and title of proposal:  | Potential impact   |
|---|--|
|   | <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK</li> </ul>   |
| <p><b>S&amp;T003:</b> One off use of Strategy &amp; Transformation reserves</p> | <p>This proposal is intended to maintain existing levels of service through the one-off use of reserves.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul> |

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| Reference and title of proposal:  | Potential impact  |
|---|---|
|   | <ul style="list-style-type: none"> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <b>S&amp;T004:</b> Reduction in Transformation budgets. Deliver a saving from a reduction in advertising posts and external fees. | <p>This proposal offers a small saving from changes to advertising posts and in external recruitment fees.</p> <p>There is no evidence available currently 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.</p>  |

## Governance budget proposals 2022/2023

| Reference and title of proposal:  | Potential impact  |
|---|---|
| <p><b>GOV001:</b> Efficiency savings. Implementing Smarter Working practices across Nplaw, including moving from paper-based bundles to electronic bundles, which reduces core costs.</p> | <p>There is no evidence available currently 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. Any changes will be implemented in accordance with the Councils policies and procedures which have already been impact assessed (Smarter Working).</p>  |
| <p><b>GOV002:</b> Reduction in Monitoring Officer budget. Remove capacity from Monitoring Officer budget.</p>   | <p>If this proposal goes ahead it will not impact on the Monitoring Officer's ability to deliver their key functions with respect advising the Council on legal matters.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> </ul> |

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| Reference and title of proposal:                 | Potential impact  |
|--|---|
|  | <ul style="list-style-type: none"> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK</li> </ul>   |
| <b>GOV008:</b> Reduction of the Elections budget | <p>This proposal is based on an analysis of past claims on this budget and the current elections ring-fenced reserves which has identified that there is likely to be some capacity for a reduction in this budget as a result.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> |

| Reference and title of proposal:  | Potential impact   |
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|   | <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>GOV003:</b> Reduction in Governance budgets. Saving to be delivered from reducing training and removing Governance estate and site management budgets</p> | <p>This proposal relates to a shift towards delivering more training in-house whilst still ensuring that staff have the necessary qualifications and professional development for their roles. The proposal also takes account that there was spare capacity in the Governance estate and site management budgets which has now been removed.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> </ul>   |

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| Reference and title of proposal:   | Potential impact   |
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|  | <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <b>GOV009:</b> New improved contract management on Coroners Fees and Charges | <p>This proposal will achieve savings through improved contract management of Coroners fees and charges.</p> <p>There is no evidence to indicate that:</p> <ul style="list-style-type: none"> <li>• The proposal would have a disproportionate or detrimental impact on people with protected characteristics (such as older and younger people; men, women and people</li> </ul>  |

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| Reference and title of proposal:  | Potential impact  |
|---|---|
|   | <p>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) compared to people who do not share these characteristics;</p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p>This is because</p> <ul style="list-style-type: none"> <li>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.</li> <li>The proposal will not lead to new or increased costs for service users.</li> <li>The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>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.</li> <li>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.</li> <li>Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <b>GOV004:</b> Reduction in Governance budgets. Saving to be delivered by | This proposal relates to amounts allocated in the budget to cover rent, council tax and maintenance costs for a building the Council has now vacated. The budget (for hire of   |

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| Reference and title of proposal:  | Potential impact  |
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| <p>reducing Governance budget for rents and hire, while retaining the Coroner's budget for inquests that cannot be accommodated at County Hall.</p> | <p>premises) retained is to accommodate an inquest which will require a larger than usual venue.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• There is no evidence to indicate that staff with protected characteristics would be disproportionately affected compared to staff without these characteristics. There will</li> </ul> |

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| Reference and title of proposal:  | Potential impact  |
|---|---|
|   | <p>be no organisational changes to staffing structures and no changes to staff terms or conditions.</p> <ul style="list-style-type: none"> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>   |
| <p><b>GOV005:</b> Use of Governance reserves. One-off release of reserves to offset budget pressures following review of all reserves held.</p> | <p>This proposal is intended to maintain existing levels of service through the one-off use of reserves.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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</li> </ul> |

| Reference and title of proposal:  | Potential impact  |
|---|---|
|   | <p>Accessible Information Standard and all other relevant equality, diversity and inclusion requirements.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>   |
| <p><b>GOV006:</b> Income generation. Recognising the potential for growth in Nplaw, including external income generation.</p> | <p>This proposal recognises there is an opportunity for Nplaw to generate additional revenue through consultation and legal advice work to external organisations.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> </ul> |

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| Reference and title of proposal:            | Potential impact   |
|---|--|
|   | <ul style="list-style-type: none"> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>   |
| <b>GOV007:</b> Reduced spend on barristers. | <p>Barristers are often required when a case goes to court or at tribunal and they provide specialist legal advice and documentation. Nplaw has several specialist lawyers in-house who are also able to provide this legal advice and support. Where possible Nplaw works to resolve legal disputes at the earliest opportunity and gives advice across the Council to prevent such disputes arising. This makes it possible to achieve a reduction in spend on barristers. This proposal will not prevent the Council from having representation from barristers when necessary and appropriate.</p> <p>This proposal recognises the opportunity for Nplaw to generate additional revenue through consultation and legal advice work to external organisations.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> </ul> |

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| Reference and title of proposal: | Potential impact   |
|----------------------------------|--|
|                                  | <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |

## Finance & Commercial Services budget proposals 2022/2023

| Reference and title of proposal:  | Potential impact   |
|---|--|
| <p><b>FCS018: Benefits realisation from the HR &amp; Finance system replacement (MyOracle) project. Recognising efficiency and other savings to be achieved within Budgeting and Accounting service from 2023-24.</b></p> | <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• There may be some evidence to indicate staff with protected characteristics could be disproportionately affected compared to staff without these characteristics. There may</li> </ul> |

| Reference and title of proposal:  | Potential impact   |
|---|--|
|   | <p>be organisational changes to staffing structures and/or changes to staff terms or conditions however these will be implemented in accordance with the Councils policies and procedures which have already been impact assessed (Organisational Change, Staffing Adjustments and Redeployment).</p> <ul style="list-style-type: none"> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>  |
| <p><b>FCS019:</b> Operational efficiencies generated from greater integration of functions and teams within IMT</p> | <p>This proposal considers the savings potentially generated through the merger of separate ICT teams and systems which currently work under specific services, with savings generated as a result of a reduction in management and operating costs, and less duplication of work / posts, resulting in more efficient functions.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> </ul> |

| Reference and title of proposal:  | Potential impact  |
|---|---|
|   | <ul style="list-style-type: none"> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• There is no evidence currently 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 - for further information about the equality impacts of proposals relating to the workforce please see <b>Annex B</b></li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>FCS020:</b> Income from letting of underutilised element of NCC estate to a commercial tenant</p> | <p>This proposal will generate income and ensure that Council owned property will be fully utilised. If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• 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.</li> </ul> <p>This is because:</p>   |

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| Reference and title of proposal: | Potential impact   |
|----------------------------------|--|
|                                  | <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |

## Finance General budget proposals 2022/2023

| Reference and title of proposal:  | Potential impact  |
|---|---|
| <p><b>FIN005:</b> One off release from Organisational Change Fund. Annual budget provision is made for organisational change and redundancy costs. An assessment of the amount required to be held against organisational need(s), experience of actual costs incurred, and the likely organisational and staffing impact of emerging saving proposals for 2022-23, indicate that it would be possible to release £0.750m from this budget on a one-off basis</p> | <p>If this proposal goes ahead, it will provide an opportunity to make better use of available funds. 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:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> </ul> |

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| Reference and title of proposal:  | Potential impact  |
|---|---|
|   | <ul style="list-style-type: none"> <li>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 which have already been impact assessed (Organisational Change, Staffing Adjustments and Redeployment).</li> <li>Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>   |
| <b>FIN009:</b> Reduction in budget required for members travel expenses due to adoption of smarter working approaches | <p>As a result of the pandemic and the adoption of smarter working approaches across the Council, it has been possible for more meetings to be conducted online, enabling a reduction in the members travel expenses budget as they make more effective use of technology.</p> <p>The Council continues to work on making online working more accessible through improvements to the digital environment to ensure that disabled people can access the services they need. This approach has already evidenced benefits as it has offered members increased opportunities to work more flexibly to engage with local residents and Council officers, reducing time spent travelling.</p> <p>Any meetings held by local authorities in England under the Local Government Act 1972 must take place in person (as of 7<sup>th</sup> May 2021). Physical meetings are required for committees to take decisions and that the public must have physical access to those meetings (unless those meetings are considering confidential or exempt information).</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>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;</li> </ul> |

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|  | <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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 and any organisational changes would be developed, implemented and monitored in accordance with agreed workforce policies which have already been impact assessed.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p>Increase in income budget to reflect actual grant funding. Allocations of Extended Rights to Free Travel grant are not confirmed until after the budget for the year has been set. Following review, the income budget for the grant can be increased to reflect the actual level of grant received in recent years</p> | <p>The Council uses this grant funding to pay for home-to-school travel for children from low-income families, as required by the Education Act 1996.</p> <p>The Council provides free school transport, if a child is:</p> <ul style="list-style-type: none"> <li>• of compulsory school age (5 to 16 years old) on 1 September or they will be 5 before 1 September when applying for school... and</li> <li>• they attend the nearest catchment school or the nearest appropriate school with a place as designated by Children's Services and</li> </ul>   |

| Reference and title of proposal: | Potential impact  |
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|                                  | <ul style="list-style-type: none"> <li>live more than 2 miles, measured by the nearest walking route to school, when under the age of 8</li> <li>live more than 3 miles walking distance from school, when aged 8 or over.</li> </ul> <p>The Council also provides transport for children who are unable to walk to school due to limited mobility or a severe medical condition in some circumstances.</p> <p>Free school transport may also be available for families receiving certain other benefits, dependent on how far from the school a child lives, and eligibility is assessed based on evidence of need.</p> <p>Full details of the eligibility criteria can be found <a href="#">here</a></p> <p>Although young people must now remain in education or training until they are 18, the government has not increased the age range of free transport available to eligible young people in line with this. Free transport is still only available to eligible children and young people up to age 16.</p> <p>For students aged 16 -19 years (or 16 - 25 years for those with an EHCP that names a post 16 learning establishment) the Council operates a subsidised post-16 travel scheme on existing local bus or train services, on education transport contract vehicles, or on any specialist transport that is deemed necessary to meet a student's needs.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>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) compared to people who do not share these characteristics;</li> <li>More significantly disadvantage some people with a protected characteristic, compared to others who share that characteristic – for example, disabled people who experience</li> </ul> |

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| Reference and title of proposal:  | Potential impact   |
|---|--|
|   | <p>complex and substantial barriers to independence, compared to disabled people who face less complex and substantial barriers to independence.</p> <p>This is because:</p> <ul style="list-style-type: none"> <li>• The Council will adjust the budget accordingly once information about the grant is available to ensure that it continues to meet its statutory responsibilities.</li> <li>• The Council undertakes an assessment of need across Norfolk and follows statutory guidance with respect eligibility for this service.</li> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>FIN006:</b> Reduce budgetary provision for grants to other public bodies. Reducing the budget held corporately to support partnership work with other public bodies following a review of recent funding needs.</p> | <p>This proposal principally relates to grants made available to District Councils. The reduction in the allocated budget is because the level of funding previously made available has not been required / accessed by the districts. Alternative sources of funding have been identified and it is not envisaged that any specific partnership activities will be stopped as a result. Key strategic partnerships – e.g., the Older People's Partnership Board will not be impacted by this proposal.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p>  |

| Reference and title of proposal:   | Potential impact   |
|--|--|
|  | <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul> |
| <p><b>FIN007:</b> Review of employer pension pressure provision. Revising the budget provided to reflect the actuarial valuation of the pension fund and the level of lump sum payment required 2022-23.</p> | <p>This proposal takes account that all Pension Schemes must be revalued every three years to ensure there are sufficient funds to cover current and future liabilities. If not, contributions into the fund must be increased. If the scheme is fully funded, contributions may decrease.</p>   |

| Reference and title of proposal:  | Potential impact   |
|---|--|
|   | <p>There is no evidence available currently 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.</p>  |
| <p><b>FIN008 and FIN010:</b> Review of treasury management requirements. Review of borrowing needs and interest rates will enable a saving to be delivered from interest payable budgets.</p> | <p>This proposal will enable a saving as a result of changes to interests payable, enabling additional monies to be released for the benefit of all local residents.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> <li>• 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.</li> </ul> |

| Reference and title of proposal:  | Potential impact  |
|---|---|
|   | <ul style="list-style-type: none"> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK.</li> </ul>   |
| <p>Delaying planned contributions to the General Fund. Review of the level of the General Fund compared to Net Budget forecasts and risks enables an element of planned contributions to be delayed and reduced while maintaining the balance at the required target level.</p> | <p>If this proposal goes ahead the balance of the General Fund will be maintained at the required target level, albeit that planned contributions will be delayed in the year. The General Fund is available for contingency planning / unexpected costs, and the target level is set based on a comprehensive risk assessment.</p> <p>If this proposal goes ahead, there is no evidence to indicate that it would:</p> <ul style="list-style-type: none"> <li>• 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) compared to people who do not share these characteristics;</li> <li>• 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.</li> </ul> <p>This is because:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The proposal will not lead to new or increased costs for service users.</li> <li>• The proposal will be implemented in accordance with corporate and departmental policies and procedures and national guidance.</li> </ul> |

## Appendix 6: Norfolk County Council Equality Impact Assessment report 2022-23

| Reference and title of proposal:                                      | Potential impact  |
|---|---|
|   | <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• Similar proposals have been successfully implemented elsewhere in the UK</li> </ul>  |
| <b>Proposed increase in council tax and adult social care precept</b> | <p>The Medium-Term Financial Strategy approved by Members in February 2021 assumed a <b>1.99%</b> increase in council tax for 2022-23 and subsequent years, plus a <b>1.00%</b> increase in the Adult Social Care precept for 2022-23 (deferred from 2021-22).</p> <p>At the Spending Review 2021, the Government announced that it intended to set the referendum thresholds for 2022-23 to 2024-25 for core council tax at 2% and offer further flexibility to raise the Adult Social Care (ASC) precept by 1% in each year (in addition to any deferred amount available).</p> <p>The Section 151 Officer has recommended that Members agree the maximum council tax increase available within the referendum threshold, plus the deferred amount from 2021-22 (a total increase of 3.99%). Cabinet's preferred option is an increase of 2.99%. The proposed Medium Term Financial Strategy is based on a <b>2.99%</b> increase from 2023-24 onwards. The pressures within the current budget planning position are such that, unless mitigated by additional savings or government funding, the Executive Director of Finance and Commercial Services considers that the Council will have very limited opportunity to apply council tax increases below the referendum threshold, 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.</p> <p>Each organisation that provides services in the area sets their own proportion of the council tax bill. These are:</p> |

| Reference and title of proposal: | Potential impact  |
|----------------------------------|---|
|                                  | <ul style="list-style-type: none"> <li>• Norfolk County Council</li> <li>• The District council</li> <li>• The Parish council (if there is one)</li> <li>• Norfolk Police</li> </ul> <p>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.</p> <p><b>More about the adult social care precept</b></p> <p>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.</p> <p>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 2021/2022 our gross budget for adult social services is <b>£455.591m</b>. The Council must use adult social care precept money solely for adult social care services.</p> <p><b>The implications of the budget and the proposal to increase in council tax and adult social care precept</b></p> <p>While individual impact assessments of proposals show that it is unlikely there will be significant adverse impacts <i>at this time</i> on people with protected characteristics as a result of individual budget proposals (and where there are impacts these will be considered and where possible mitigated) it is important to acknowledge that <i>any</i> proposed increase in council tax and / or the adult social care precept will likely have some adverse impact on individual households across Norfolk, including on people with protected characteristics and more particularly on those from middle to lower income households.</p> |

## Appendix 6: Norfolk County Council Equality Impact Assessment report 2022-23

| Reference and title of proposal: | Potential impact   |
|----------------------------------|--|
|                                  | <p>Government expects local government to raise funds to cover Adult Social Care costs via the Adult Social Care Precept, and the Council must ensure that there is sufficient funding available to meet the needs the increasing numbers of adult social care users, many of whom are older, disabled and/or extremely vulnerable. The high level of demand on this service must be considered as a priority as any reductions in critical frontline care and support services has the potential to have a substantial detrimental impact on people in Norfolk with one or more protected characteristics.</p> <p>Having said that any decisions with respect to increasing Council Tax should take into consideration that:</p> <p>The State Pension rise will be 3.1% in 2022/23. It should be acknowledged that any increase to Council Tax may be felt by older people who can't increase their income and some pensioners are not able to access 'rate relief' (council tax support schemes). Older people in receipt of the State Pension are also eligible for Winter Fuel Payment (between £100 - £300) but this must be considered in conjunction with increasing energy bills.</p> <p>Around 20% of Norfolk's population has a long-term limiting health condition. This figure increases to around 45% of people aged 65+ years. In 2020 the Joseph Rowntree Foundation identified that around half of households living in poverty in the UK include a disabled person, and that working-age disabled people were most likely to be at risk of living in poverty.</p> <p>The National Minimum Wage will increase by 6.6% in 2022 to £9.50 (the highest rate outside London) falling to £6.83 for 18–20-year-olds, however this is still believed to be a little lower than the living wage in the UK (the rate independently calculated based on rising living costs).</p> <p>The disparity of income is likely to be hardest felt by younger, single people and some people from diverse ethnic minority groups in Norfolk who are more known to be more likely working in low-pay, less secure or zero-hours contract employment such as the hospitality, care, manufacturing, and retail sectors. Disabled workers are also known to be more likely to be in lower income groups.</p> <p>This should be considered in the context of inflation (CPI) reaching <b>5.4%</b> in December 2021, with the related increases in the costs of food, fuel, and other goods and services. The Trussel Trust, the largest food bank charity in England, reported an 11% increase in food parcels given out</p> |

## Appendix 6: Norfolk County Council Equality Impact Assessment report 2022-23

| Reference and title of proposal: | Potential impact   |
|----------------------------------|--|
|                                  | <p>nationally between April and September 2021 (in comparison to the same period in 2019) with over 97,500 food parcels distributed across the East of England.</p> <p>As of June 2021, around 70,000 people in Norfolk were in receipt of Universal Credit with around 45% of these being in employment. With the removal of the temporary £20 weekly uplift introduced during the pandemic, these households saw their income reduce by around £1000 per year after a period of 18 months.</p> <p>To seek to mitigate any adverse impact the Council already has in place the following:</p> <ul style="list-style-type: none"> <li>• The Norfolk Assistance Scheme which helps people who are in financial hardship and cannot pay their living costs</li> <li>• The Free School Meals scheme which offers eligible children and young people food vouchers during the school holidays</li> <li>• The Money Support Service for all service users who need help with budgeting or managing debts</li> <li>• The Direct Payment Support Service for disabled and older people who have chosen to direct their own care and support.</li> <li>• Benefits advice and support for people in receipt of a social care package or care leavers via the Welfare Rights Unit</li> <li>• Community hubs to help people who are vulnerable or self-isolating (including accessing food and deliveries and housing support and advice including arranging emergency repairs and advice on keeping warm)</li> <li>• General advice, support and signposting for people seeking to access their local food bank</li> <li>• The Norfolk Social Infrastructure Fund which is a capital grant scheme for voluntary and non-profit groups offering grants up to £250,000 or groups who are involved in community projects and initiatives that benefit the residents of Norfolk.</li> </ul> <p>It is also understood that the pandemic has created significant challenges for the voluntary and community sector who provide a range of services and in some places essential support to vulnerable people. Demands on these services will likely continue to increase while individual charitable contributions may fall because of the rising cost of living. There is likely a more diverse range of people in Norfolk who are now seeking assistance, particularly younger people who are experiencing greater isolation and employment uncertainty as a result of the pandemic. There</p> |

## Appendix 6: Norfolk County Council Equality Impact Assessment report 2022-23

| Reference and title of proposal: | Potential impact   |
|----------------------------------|--|
|                                  | <p>have also been multiple studies showing deteriorations in mental health and wellbeing across all age groups because of the pandemic across the population, affecting people in different ways.</p> <p>Within several of the above individual budget proposals the Council has identified where additional funding and or changes to commissioning frameworks may be beneficial in supporting and developing the local community and voluntary sector which will likely help mitigate this impact.</p> <p>The public consultation feedback showed that <b>55%</b> of people who responded agreed or strongly agreed with the Council's proposal to increase the Adult Social Care precept by 1% in 2022-23 in comparison to <b>36%</b> who disagreed or strongly disagreed, suggesting that a proportion of the public understand / support the need for an increase in funding for Adult Social Care. There has also been a significant amount of individual feedback indicating that some people will struggle financially if the proposal to raise council tax by 1.99% goes ahead.</p> |

## 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 2021)**

|                           | <b>Total chargeable dwellings on valuation list</b> | <b>Number dwellings paying full Council Tax</b> | <b>% Dwellings paying full Council Tax</b> | <b>% Dwellings subject to some kind of reduction in Council Tax</b> |
|---------------------------|---|---|--|---|
| Breckland                 | 61,406  | 41,673  | 67.86%                                     | 32.14%  |
| Broadland                 | 58,821  | 40,107  | 68.18%                                     | 31.82%  |
| Great Yarmouth            | 48,075  | 28,819  | 59.95%                                     | 40.05%  |
| Kings Lynn & West Norfolk | 72,024  | 48,308  | 67.07%                                     | 32.93%  |
| North Norfolk             | 54,744  | 35,736  | 65.28%                                     | 34.72%  |
| Norwich                   | 65,421  | 36,749  | 56.17%                                     | 43.83%  |
| South Norfolk             | 63,101  | 41,761  | 66.18%                                     | 33.82%  |
| <b>Total Norfolk</b>      | <b>423,592</b>                                      | <b>273,153</b>                                  | <b>64.48%</b>                              | <b>35.52%</b>   |

## Annex B – Budget proposals and HR impacts

### Equality Impact Assessment – Findings & Recommendations

30/12/2021 - Teresa Baker, HR Delivery Manager

#### The proposal – Budget Savings Proposals

Service Managers and leads have made a range of proposals for budget savings for the 2022/23 year. This EQiA considers the equality impacts in relation to NCC staff who could potentially be affected by the budget saving proposals.

#### Information about the people affected by the proposal

Where proposals suggest reducing, closing or transferring services, there will be a potential impact on all staff who currently provide that service. In particular the proposals that may have a specific impact on staff are:

- **Adult Services ASS039 A strategic refocus of NCC's investment in Intermediate Care Services**
- **Children's Services CHS008 (Extend) Expansion of 2021-22 CHS008: Smarter Working**
- **Strategy & Transformation S&T005 National Insurance savings on employee support schemes**

NCC employs people with a range of protected characteristics, in relation to disability, sex, gender reassignment, marital or civil partner status, pregnancy and maternity, race, religion/belief, age and sexual orientation.

#### Potential impact

- **Adult Services ASS039 A strategic refocus of NCC's investment in Intermediate Care Services** – If the result of the proposal involves services being transferred to other providers, there will be limited impact as those staff members will be protected by TUPE regulations. If however, the service closes, or reduces in size, staff may be at risk of redundancy. Research shows that people with certain protected characteristics, such as older or disabled people can find it more difficult to find employment if they are made redundant. However, NCC policies and procedures around organisational change ensures that adjustments are made to ensure that people with protected characteristics are not disproportionately affected. These include discounting sickness

absence relating to a disability and having an effective redeployment policy. The Council also ensures that Managers complete a full Equality Impact Assessment once details of impacted staff are known.

- **Children's Services CHS008 (Extend) Expansion of 2021-22 CHS008: Smarter Working** – There is already a full Equality Impact Assessment completed for the Smarter Working policy. This includes a range of mitigations to ensure that people are not disproportionately affected due to their protected characteristics. The Council regularly surveys staff to ask about their views on Smarter Working and also engages with the Equality Diversity and Inclusion Advisory Networks and Employee Groups.
- **Strategy & Transformation S&T005 National Insurance savings on employee support schemes** – This proposal would be beneficial from all groups and therefore there is no detrimental to anyone due to their protected characteristic. Salary Sacrifice schemes are only available to staff who pay tax and national insurance, so it may be possible that very low earners (part time), who tend to be women, may not be able to benefit from the proposal, but they would not suffer a detriment. The Council would however carry out a detailed Equality Impact Assessment before deciding on which scheme(s) to introduce.

Based on the evidence available, these proposals are likely to have a neutral impact on people with protected characteristics. This is because;

- A detailed EqlA is completed for all specific proposals affecting staff when details of the individuals affected are known.
- In addition, all HR policies and procedures have an EqlA that is reviewed and updated each time the policy or procedure is updated. The EqlAs relevant to these proposals are:
  - Covid Working Arrangements
  - Disturbance Allowance (when staff have their base moved as a result of budget proposals)
  - Smarter Working
  - Managing Organisational Change
  - Redeployment Compensation
  - Staffing adjustments and redundancy payments
  - Travel
  - Modern Reward System

There is no legal impediment to going ahead with the staffing elements of these proposals. They would be implemented in full accordance with due process, national guidance and policy.

It is possible to conclude that the proposals may have a positive impact on some staff with protected characteristics, for the reasons set out in this assessment. It may also have some detrimental impacts, also set out in the assessment.

Decision-makers are therefore advised to take these impacts into account when deciding whether or not the proposal should go ahead, in addition to the mitigating actions recommended below.

Some of the actions will address the potential detrimental impacts identified in this assessment, but it is not possible to address all the potential impacts. Ultimately, the task for decision-makers is to balance these impacts alongside the need to manage reduced resources and continue to target support at those who need it most.

### Recommended actions

If a further assessment has identified any detrimental impacts, the decision maker should set out here any actions that will help to mitigate them.

| Number | Action  | Lead   | Date         |
|--------|---|--|--------------|
| 1.     | Carry out full EQiA before making adjustments to staffing levels as a result of changes | Lead HR Consultant and relevant Senior Manager | March 2022   |
| 2.     | Continue to seek feedback on Smarter Working practices                                  | Director for People                            | January 2022 |
| 3.     | Complete full EQiA before making decision on salary sacrifice schemes                   | Director for People                            | June 2022    |

### Evidence used to inform this assessment

Reference any other evidence your analysis has drawn upon:

- [Equality, Diversity and Inclusion Policy](#)
- Demographic factors set out in [Norfolk's Story 2021](#)
- [Digital Inclusion and COVID-19](#) equality impact assessments
- Norfolk County Council [Area Reports](#) on Norfolk's JSNA relating to protected characteristics
- Business intelligence and management data, as quoted in this report

- Equality Act 2010 and Public Sector Equality Duty codes of practice

## Further information

For further information about this equality impact assessment please contact **Teresa Baker, HR Delivery Manager** – [Teresa.baker@norfolk.gov.uk](mailto:Teresa.baker@norfolk.gov.uk)

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### **<sup>i</sup> 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.

<sup>ii</sup> 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.

<sup>iii</sup> 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.

<sup>iv</sup> 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.

<sup>v</sup> [Norfolk Digital Inclusion Strategy](#)

# Report taken to Cabinet

Item No. 8B

**Report Title: Capital Strategy and Programme 2022-23**

**Date of Meeting: 31 January 2022**

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

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

**Is this a Key Decision? Yes**

**If this is a Key Decision, date added to the Forward Plan of Key Decisions: 26 February 2021**

## **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 the continued development of key services: enabling the transformation of social services to meet growing need, promoting regeneration and sustainable development, 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.

The new schemes to be added to the 2022-27 programme total £90.742m, including the following:

- Fire Services 3 year Vehicle and Equipment Replacement plan (£20.6m)
- expansion of SEND provision in schools (£20m),
- Repton Property Developments additional loan facility (£10m)
- MyOracle systems upgrade (£5.8m),
- Wensum Lodge Development (£4.5m)
- Various property developments (£4.3m), highways improvements and flood drainage improvements
- new replacement libraries (£3m),
- expansion of waste recycling services (£2.9m),

- improvements to greenways, footpaths and trails (£1m),

When proposed new schemes are added to the existing £612.404m programme for future years, the future capital programme totals £717.756m.

## **Recommendations**

1. To agree the Capital Strategy at Appendix A as a framework for the prioritisation and continued development of the Council's capital programme;
2. To agree the proposed 2022-27+ capital programme of £717.756m, subject to additional amounts for schemes yet to be re-profiled from 2021-22;
3. To refer the programme to the County Council for approval, including the new and extended capital schemes outlined in Appendix D;
4. To recommend to County Council the Council's Flexible Use of Capital Receipts Strategy for 2022-23 as set out in Section 5;
5. To note known grant settlements as summarised in Section 3 and agree that future capital grants will be added to the programme when confirmed;
6. To note the forecast of estimated capital receipts to be generated to achieve the target of £30.0m, 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 review the overall affordability of the programme.

- 1.5. The Council's overall capital programme is formed by combining service capital programmes, and ensuring that sufficient funding is available before seeking Council approval.
- 1.6. This report sets out the proposed capital programme for 2022-27+. 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 2022-27+.
- 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 2022-23 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, the Castle Keep Museum 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, enhancement 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 2022-23 Budget has been undertaken. As in previous years, this public consultation has informed an equality impact assessment in respect of both new 2022-23 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.

The Council is maintaining a dynamic [COVID-19 equality impact assessment](#) to inform decision making during the pandemic.

### **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**

The proposed capital programme recognises the Council's strategic aim to reduce carbon emissions and ensure that the capital programme is environmentally and ecologically sustainable.

The programme includes various decarbonisation studies of Council sites, consolidation and flexible use of community 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.

**8.7 Data Protection Impact Assessments (DPIA)**

DPIA is not required as the data reported in this paper does not drill down to the personal data level.

**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. None.

**11. Recommendations**

11.1. Recommendations are set out in the introduction to this report.

## 12. Background Papers

- 12.1. A Vision for Norfolk in 2021: [Link](#)  
Better Together, For Norfolk – 2021-2025: [Link](#)  
Together for our Future - [Link](#)  
Norfolk Strategic Infrastructure Delivery Plan (NSIDP) 2021 - [Link](#)  
County Council Budget 2022-23, (on this agenda)  
Finance Monitoring Report 2021-22 (on this agenda)  
Annual Investment and Treasury Strategy 2022-23 (on this agenda)

### Officer Contact

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

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## Norfolk County Council

### Capital strategy and programme 2022-23

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 2022-23 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 set aside an amount from each future revenue budget to re-pay its borrowing.

##### 1.2. Government spending plans

- **Autumn Budget 2021:** The Chancellor of the Exchequer presented the Autumn Budget and Spending Review for 2021 (SR21) on 27 October 2021, which set out the government's ambition to level up, reduce regional inequality and invest in strong public services. SR21 included the introduction of the Health and Social Care Levy to fund the government's investment in health and the NHS. There was also a commitment to
  - level up education,
  - boost the Affordable Homes Programme
  - invest in the criminal justice system
  - increase public R&D and innovation
  - 15 Towns Deals
  - Project Gigabit Broadband rollout and
  - The Net Zero Strategy to support the transition to electric vehicles and the decarbonisation of buildings and homes.

SR 21 seeks to deliver £106.8 billion additional funding to the public services whilst partially funding this through £12.7 billion additional tax revenue.

- **UK Shared Prosperity Fund 2022:** As part of the Autumn 21 Budget statement the Chancellor also revealed the first details of the UK Shared Prosperity Fund (UKSPF) worth £2.6 billion over the next three years and rising to £1.5 billion by 2024-25. The fund aims to replace funding sources which used to come from the European Union and aims to “help people access new opportunities in places of need” with a strong emphasis on skills development and job creation. Levelling Up Funds of £4.8bn were announced in October 2021 and further tranches are expected in Spring 2022.
- **UK Community Renewal Fund (CRF):** In March 2021 the government announced £220 million of government funding through the UK Community Renewal Fund (CRF) to help local areas prepare for the launch of the UK Shared Prosperity Fund (UKSPF). The fund aims to support people and communities most in need across the UK to pilot programmes and new approaches and invest in skills and supporting people into employment. On 3 November 2021 the successful bids were announced, and the County Council secured £6.558m funding for 14 projects encompassing Net Zero Carbon initiatives, Youth Enterprise schemes and skills development.
- **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.
- **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.
- **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.
- 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

- Norfolk County Council works with a number of other authorities and bodies in the development of capital and infrastructure projects and investments.
- Examples of current joint working include:
- **Local plans:** A [Norfolk Strategic Infrastructure Delivery Plan 2021.pdf](#) was published by the Council and its partners in December 2021. 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.
- 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 2022.
- **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.
- 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.
- The **Norfolk Joint Museums Committee** consists of representatives from district councils and the County Council. The Norfolk Museums Service is run by Norfolk County Council with capital schemes managed and reported as part of the Council’s financial monitoring. The Norwich Castle Keep “Gateway to Medieval England” project is a nationally significant scheme which will see the Keep reimaged and reinterpreted.
- 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 2022-27**

### **2.1. Background**

- The capital programme for 2020-23 was agreed by the County Council in February 2021. 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.
- 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.
- 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 reviewed by the Capital Quarterly Review Board and included in Appendix B for the approval of Cabinet.
- The Capital Programme Quarterly Review Board reviews, prioritises 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.
- The 2021-27+ 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.
- The new capital programme reflects known government grant settlements for 2022-23 and beyond. The programme also sets out the necessary borrowing to be approved in order to provide sufficient funding for agreed schemes.
- 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.
- 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 current capital programme below is based on period 8 financial monitoring as at 30 November 2021 amended for significant changes made in month 9 (December). This position will vary through to 1 April 2022 as schemes are reprofiled, with all movements reported to Cabinet.

**Table 1: Existing programme, excluding proposed new schemes**

| Service                 | 2022-23<br>£m  | 2023-24<br>£m  | 2024-25<br>£m  | 2025-26<br>£m | 2026-27<br>£m | Total £m       |
|-------------------------|----------------|----------------|----------------|---------------|---------------|----------------|
| Adult Social Care       | 15.939         | 20.872         | 20.288         |               |               | <b>57.098</b>  |
| Children's Services     | 73.673         | 49.655         | 74.226         |               |               | <b>197.554</b> |
| CES Highways            | 63.127         | 34.516         | 103.230        | 56.137        | 4.253         | <b>261.264</b> |
| CES Other               | 41.447         | 14.546         |                |               |               | <b>55.993</b>  |
| Finance and Comm. Servs | 24.335         | 15.878         |                |               |               | <b>40.213</b>  |
| Strategy and Governance | 0.282          |                |                |               |               | <b>0.282</b>   |
| <b>Total</b>            | <b>218.803</b> | <b>135.467</b> | <b>197.744</b> | <b>56.137</b> | <b>4.253</b>  | <b>612.404</b> |

## 2.3. Existing Schemes reprofiled

The Capital Review Board undertook a review of the capital forecast of existing projects across the services with the relevant officers. This review identified £14.6m slippage in the 2021-22 capital plan which will be transferred to 2022-23 and future years as set out below.

**Table 2: Reprofile of existing schemes**

| Service Capital budgets<br>Reprofiled | 2022-23<br>£m | 2023-24<br>£m  | 2024-25<br>£m   | 2025-26<br>£m | 2026-27<br>£m | Total £m      |
|---------------------------------------|---------------|----------------|-----------------|---------------|---------------|---------------|
| Children's Services (reprofiled)      | (9.391)       | (5.571)        | (35.969)        | 11.300        | 39.630        | - 0.000       |
| CES Other                             | 9.331         | 1.159          | 1.499           | 1.000         |               | 12.989        |
| Finance and Comm. Servs               | 1.926         | (0.545)        | 0.240           | -             | -             | 1.621         |
| <b>Total</b>                          | <b>1.866</b>  | <b>(4.957)</b> | <b>(34.230)</b> | <b>12.300</b> | <b>39.630</b> | <b>14.610</b> |

## 2.4. New schemes

Schemes not included in previous capital programmes will result in the following additions to the capital programme subject to approval:

**Table 3: Proposed investment in new schemes**

| Service                 | 2022-23<br>£m | 2023-24<br>£m | 2024-25<br>£m | 2025-26<br>£m | 2026-27<br>£m | Total £m      |
|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Adult Social Care       | 0.500         | 0.500         | 3.200         | 3.200         | 3.200         | 10.600        |
| CES Highways            | 0.200         | 0.050         | -             | -             | -             | 0.250         |
| CES Other               | 8.145         | 7.772         | 18.723        | -             | -             | 34.639        |
| Finance and Comm. Servs | 17.846        | 13.356        | 12.131        | 0.960         | 0.960         | 45.253        |
| Strategy and Governance | -             | -             | -             | -             | -             | -             |
| <b>Total</b>            | <b>26.691</b> | <b>21.678</b> | <b>34.054</b> | <b>4.160</b>  | <b>4.160</b>  | <b>90.742</b> |

A full list of the new schemes proposed is available in Appendix D

## 2.5. The Total Proposed Capital Programme (existing and new)

The full Capital Programme for 2022-27, combining existing and proposed schemes, is summarised in the following table.

**Table 4: Proposed Total Capital Programme**

| Service                 | 2022-23<br>£m  | 2023-24<br>£m  | 2024-25<br>£m  | 2025-26<br>£m | 2026-27<br>£m | Total £m       |
|-------------------------|----------------|----------------|----------------|---------------|---------------|----------------|
| Adult Social Care       | 16.439         | 21.372         | 23.488         | 3.200         | 3.200         | 67.698         |
| Children's Services     | 64.282         | 44.085         | 38.257         | 11.300        | 39.630        | 197.554        |
| CES Highways            | 63.327         | 34.566         | 103.230        | 56.137        | 4.253         | 261.514        |
| CES Other               | 58.923         | 23.477         | 20.222         | 1.000         | 0.000         | 103.621        |
| Finance and Comm. Servs | 44.107         | 28.688         | 12.371         | 0.960         | 0.960         | 87.087         |
| Strategy and Governance | 0.282          | 0.000          | 0.000          | 0.000         | 0.000         | 0.282          |
| <b>Total</b>            | <b>247.361</b> | <b>152.188</b> | <b>197.567</b> | <b>72.597</b> | <b>48.043</b> | <b>717.756</b> |

Note: tables on this page may be subject to small rounding differences

2.6. 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 2021-22 financial year (to date) include

- Ringland Western Link Road (£186.84m)
- 3<sup>rd</sup> River Crossing at Great Yarmouth and other highway schemes (£64.3m)
- Local Full Fibre Network (£3.962m)
- New schools places for SEND (£4.394m)
- Older People Estates Transformation (£0.5m)
- Greenways for Greenspaces (£0.35m)
- Electric Vehicles (£0.24m)
- Shirehall and Kings Lynn Museum (£0.35m)

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 Adult Social Services transformation work and Children's Services Demand Management & Prevention Strategy in 2021-22 and future years, as set out in 5.13 below.

2.7. 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.

2.8. Major known funding sources (eg structural maintenance grants) are already in the programme for 2022-23 and future years. Other external funding will be added to the programme as and when secured.

2.9. 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 £90.742m 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 £437.66m 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 5: Funding of the Proposed Capital Programme £m**

| Service   | 2-23 £m        | 23-24 £m       | 24-25 £m       | 25-26 £m      | 26-27 £m      | Total £m       |
|---|----------------|----------------|----------------|---------------|---------------|----------------|
| External Grants and Contributions including Government grants | 81.317         | 44.932         | 91.946         | 36.734        | 0.167         | <b>255.096</b> |
| Revenue and Reserves  |                |                |                |               |               | <b>0.000</b>   |
| Capital receipts (see note)                                   | 5.000          | 5.000          | 5.000          | 5.000         | 5.000         | <b>25.000</b>  |
| Borrowing   | 161.044        | 102.256        | 100.621        | 30.863        | 42.876        | <b>437.660</b> |
| <b>Total</b>  | <b>247.361</b> | <b>152.188</b> | <b>197.567</b> | <b>72.597</b> | <b>48.043</b> | <b>717.756</b> |

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, Better Broadband rebates from BT Openreach 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 on-going focus on the COVID-19 pandemic, 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 2022-23 is £8.090m, based on 419 additional places for the 2023-24 Academic year. This is a significant reduction when compared to the average of £14.8m pa received since 2011.
- 3.8. In April 2021 the DfE announced the allocation of an additional £20 million to support the provision of high needs places needed by September 2022. Norfolk's share of this fund was £4.393m.

- 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 2021-22 these amounted to £0.995m and £5.288m respectively. At the time of writing the 2022-23 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 was extended to 2021-22 totalling £39.930m and split as follow:
- Pothole Maintenance - £15.892m
  - Highways Maintenance Block (HMB) - £15.892m
  - HMB Incentive - £3.973m
  - Integrated Transport Block (ITB) - £4.173m.

No further announcements have been made in respect of 2022-23.

- 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 and the UKSPF22 (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 began 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 2022 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. While the BCF in 2021 to 2022 remains largely unchanged, the government recognises that the proposals set out in the Health and Care Bill will impact longer-term system thinking and planning. So future iterations of the BCF make require the Council to consider its response in strategic planning to:

- Integrated or joint commissioning of services after hospital discharge
- Plans to prevent the need for longer-term services, admission prevention and independent living
- Plans to stimulate the care market and develop asset based community approaches to delivering quality and value in a sustainable care market

#### 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:

- used to fund in-year capital expenditure, reducing the need to borrow
- held to offset future capital borrowing requirements
- used to repay existing borrowing, or
- 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 property sales figures included in the schedule below 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 6: Draft Capital Receipts forecast £m**

| <b>Capital Receipts</b>                         | <b>2021-22<br/>£m</b> | <b>2022-23<br/>£m</b> | <b>2023-24<br/>£m</b> | <b>2024-25<br/>£m</b> | <b>2025-26<br/>£m</b> | <b>2026-27<br/>£m</b> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Capital Receipts brought forward                | 6.449                 | 7.314                 | 17.417                | 23.940                | 16.741                | 11.741                |
| Loan repayments from subsidiaries               | 0.681                 | 10.703                | 1.401                 | 2.017                 | 0.728                 | 0.580                 |
| Loan repayments from LIF                        | 0.432                 | 4.400                 | 2.400                 |                       |                       |                       |
|   | <b>7.562</b>          | <b>22.417</b>         | <b>21.218</b>         | <b>25.956</b>         | <b>17.468</b>         | <b>12.320</b>         |
| <b>Forecast Property Sales *</b>                |                       |                       |                       |                       |                       |                       |
| High likelihood                                 | 7.407                 | 5.241                 | 1.139                 |                       |                       |                       |
| Medium likelihood                               | 0.036                 | 2.862                 | 12.628                | 0.643                 |                       |                       |
| Low likelihood (likely to move to future years) | 0.000                 | 0.000                 | 0.756                 | 0.158                 |                       |                       |
| <b>Total</b>                                    | <b>7.443</b>          | <b>8.103</b>          | <b>14.523</b>         | <b>0.801</b>          | <b>0</b>              | <b>0</b>              |
| <b>TOTAL CAPITAL RECEIPTS FORECASTED (A)</b>    | <b>15.005</b>         | <b>30.520</b>         | <b>35.741</b>         | <b>26.757</b>         | <b>17.468</b>         | <b>12.320</b>         |

|  |              |               |               |               |               |              |
|--|--------------|---------------|---------------|---------------|---------------|--------------|
| <b>Use of Capital Receipts</b>                             |              |               |               |               |               |              |
| Required to support revenue budget                         | 2            |               |               |               |               |              |
| Funding in year capital expenditure                        |              | 5             | 5             | 5             | 5             | 5            |
| Repayment of existing borrowing                            | 2.691        | 5.103         | 3.801         | 2.017         | 0.728         | 0.580        |
| Potential for flexible use of capital receipts (see below) | 3.000        | 3.000         | 3.000         | 3.000         |               |              |
| <b>TOTAL USE OF CAPITAL RECEIPTS FORECASTED (B)</b>        | <b>7.691</b> | <b>13.103</b> | <b>11.801</b> | <b>10.017</b> | <b>5.728</b>  | <b>5.580</b> |
|  |              |               |               |               |               |              |
| <b>Capital Receipts carried forward</b>                    | <b>7.314</b> | <b>17.417</b> | <b>23.940</b> | <b>16.741</b> | <b>11.741</b> | <b>6.741</b> |
|  |              |               |               |               |               |              |
| <b>Property Sales analysed by farms/non-farms property</b> |              |               |               |               |               |              |
| Farms  | 0.686        | 4.172         | 3.222         | 0.261         |               |              |
| Non-farms  | 3.895        | 3.481         | 11.301        | 0.115         |               |              |
| Major development sites (farmland)                         | 2.862        | 0.450         |               | 0.425         |               |              |
|  | <b>7.443</b> | <b>8.103</b>  | <b>14.523</b> | <b>0.801</b>  | <b>0.000</b>  | <b>0.000</b> |
|  |              |               |               |               |               |              |

**\*Property available for disposal schedule estimates £m**

4.4. 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. DLUHC 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. The Local Government Finance Settlement 2018-19 originally extended to 2021-22 and on 10 February 2021 a further extension of three years beginning in 2022-23 was announced. The details of the extension of this flexibility have not been published yet, so there is an element of risk in assuming that this flexibility will be available in 2022-23 onwards.
- 5.2. Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.
- 5.3. Local authorities can only use capital receipts from the disposal of property, plant and equipment assets received in the years in which this flexibility is offered. Local Authorities may not use their existing stock of capital receipts or loan repayments to finance the revenue costs of reform.

### **Background**

- 5.4. Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under section 11 of the Local Government Act 2003, specify the purposes for which capital receipts may be used. The main permitted purpose is to meet capital expenditure together with other specified types of payment. Permitted purposes do not include use to support revenue expenditure.
- 5.5. Under section 16(2)(b) of the 2003 Act the Secretary of State is empowered to issue directions providing that expenditure of local authorities shall be treated as capital expenditure for the purpose of Part 1 of the 2003 Act. Where such a direction is made the expenditure specified in the Direction is from that point on capital expenditure which can be met from capital receipts under the Regulations.

### **Process**

- 5.6. For each financial year, a local authority should ensure it prepares and publishes at least one Flexible use of Capital Receipts Strategy prior to exercising the flexibilities allowed. The strategy must be presented to full Council, and this can be part of the annual budget setting documents.
- 5.7. Ideally, the strategy will be prepared before the start of any financial year. Where the need or opportunity has not been anticipated, the strategy can be presented to full Council at the earliest opportunity.
- 5.8. Examples of projects which generate qualifying expenditure include:
- Sharing back office services

- Service reform pilot schemes
- Service reconfiguration, restructuring or rationalisation
- Driving a digital approach to the delivery
- 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 3<sup>rd</sup> party loan repayments received are applied directly to the repayment of debt. Then capital receipts are allocated to fund in-year capital expenditure subject to a proportion of capital receipts from the sale of farm land being ring-fenced.
- 5.13. Assuming this flexibility is extended for a further three years, capital receipts of £3m will be put forward to fund transformation projects from 2022-23 onwards. The £3m set aside for 2021-22 is funding 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 have been applied to transformation projects and similarly £3m capital receipts per annum will be applied to transformation projects that meet the flexible use criteria from 2022-23 for 3 years, assuming there is no change to the conditions attached to the extension of this flexibility.

### **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:

| <b>Prudential indicator – impact of using £1m flexibly:</b> | <b>-compared with using capital receipts for the direct re-payment of debt</b> | <b>-compared with using capital to fund capital expenditure</b>              |
|---|--|--|
| 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. £0.27m pa.<br>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. Capital Receipts not needed for this flexible use purpose are now carried forward to repay future debt instalments or to fund short-life capital expenditure.

- 5.21. Reducing the capital receipts available for the future repayment of debt would have a direct impact on future revenue budgets through the MRP.

## 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 2% and anticipated to increase to 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.

**Table 7: Estimated incremental revenue costs of new capital schemes to be approved**

|                           | 2022-23 £m   | 2023-24 £m   | 2024-25 £m   | 2025-26 £m   | 2026-27 £m   |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
| Assumed interest rate     | 2.50%        | 3.00%        | 3%           | 3%           | 3%           |
| <b>Incremental impact</b> |              |              |              |              |              |
| Cumulative interest cost  |              | 1.534        | 1.509        | 0.463        | 0.643        |
| MRP                       | 4.026        | 2.556        | 2.516        | 0.772        | 1.072        |
| <b>Total</b>              | <b>6.039</b> | <b>4.090</b> | <b>4.025</b> | <b>1.235</b> | <b>1.715</b> |

*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 capital receipts to fund in-year capital expenditure, thus reducing the Capital Financing requirement and the associated Minimum Revenue Provision.
- 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 2022-23**

**Appendix B: Capital bids prioritisation**

**Appendix C: Capital programme 2021-27 – existing schemes summary**

**Appendix D: New and extended capital schemes**

Appendix A: Capital strategy 2021-22



## Capital strategy

2022-23

## **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.

## **2 Purpose and aims of the Capital Strategy**

- 2.1 The CIPFA Prudential Code for Capital Finance in Local Authorities (2021) 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.

In July 2021 we convened **Rising to the Challenge Together** bringing together partners from across all sections to look at the impact of COVID-19 on Norfolk and explore how best to achieve our common priorities. Our strategic priorities for the next 4 years are set out below:

1. A vibrant and sustainable economy;
2. Better Opportunities for Children and Young People;
3. Healthy fulfilling and independent lives;
4. A greener, more resilient future.

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 £30m 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 with £145m DfT funding agreed subject to final approval of the outline business case
- 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 has been approved and a further £1.7m has been secured from the DfT. The total anticipated cost of this project is £30m.

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.

Following the review of Fire Services Estate, Vehicles, Plant and Equipment, officers have developed schemes to refurbish fire stations, develop training facilities and upgrade the “red fleet” totalling £21.8m

#### 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.

There is also a £3m expansion programme for Children’s Homes aimed at addressing the increased demand for residential places within Children’s Social Services.

The total borrowing forecasted for the Children’s Services capital programme for 2021-27 is £154 million.

#### 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 financial support must be set out in 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 costs, potential efficiency savings, funding and timing

4.3.6.3 The corporate capital prioritisation model was first used for the 2015-16 capital programme and operates at a programme level, with most schemes prioritised at a more detailed level within the major capital programme areas of transport and schools. Prioritisation criteria are reviewed annually to ensure they continue to reflect the changing needs and priorities of the Council.

4.3.6.4 Schemes are considered within the appropriate service to ensure that the capital programme integrates with business and service planning, with revenue implications taken into account. Highways schemes are prioritised within CES. Schools schemes are prioritised through the Children's Services Capital Priorities Group. The majority of non-school property schemes are administered by the Council's Corporate Property team. Other schemes not covered by the major headings above are developed by the relevant chief officer, and where corporate funding is required are considered by the Executive Director of Finance and Commercial Services, who considers the overall affordability of the programme.

4.3.6.5 The Council's capital programme is formed by bringing the various capital programmes together, and ensuring that sufficient funding is available before seeking Council approval.

4.3.6.6 For schemes with no funding source, a benchmark has been applied, being the score for a dummy project of simply re-paying debt. Even for fully funded schemes, the scoring checks that revenue implications are considered, and the project contributes to the Council's objectives.

4.3.6.7 Although the prioritisation model has been broadly applied, it is primarily applicable to new projects and projects requiring the use of borrowing and/or capital receipts to provide funding.

## **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 November 2021 Cabinet.

#### **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**

The Capital Programme Quarterly Review Board co-ordinates 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, review 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 for 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:

| <b>Financial year (£m)</b> | <b>2018-19</b> | <b>2019-20</b> | <b>2020-21</b> |
|----------------------------|----------------|----------------|----------------|
| Capital expenditure        | 158.5          | 177.6          | 219.5          |

Capital expenditure increased in 2020-21 partly due to the commencement of large projects like the Great Yarmouth 3<sup>rd</sup> River Crossing, refurbishment of the Castle Keep Museum and the Fakenham SEND school. The COVID-19 pandemic has also impacted schemes causing slippages in timing and increased costs due to disruptions in building works and scarcity of building materials. Capital expenditure projected to be between £265m and £285m in 2021-22.

The Council's 2020-21 capital programme was split by funding type as follows:

| <b>Funding type</b>              | <b>£m</b>    | <b>%</b>   |
|----------------------------------|--------------|------------|
| Capital grants and contributions | 141.6        | 64         |
| Revenue and reserves             | 3.5          | 2          |
| Capital receipts applied         | 3.6          | 2          |
| Borrowing                        | 70.7         | 32         |
| <b>Total</b>                     | <b>219.5</b> | <b>100</b> |

#### 4.4.4 Costs of past and current expenditure funded through borrowing

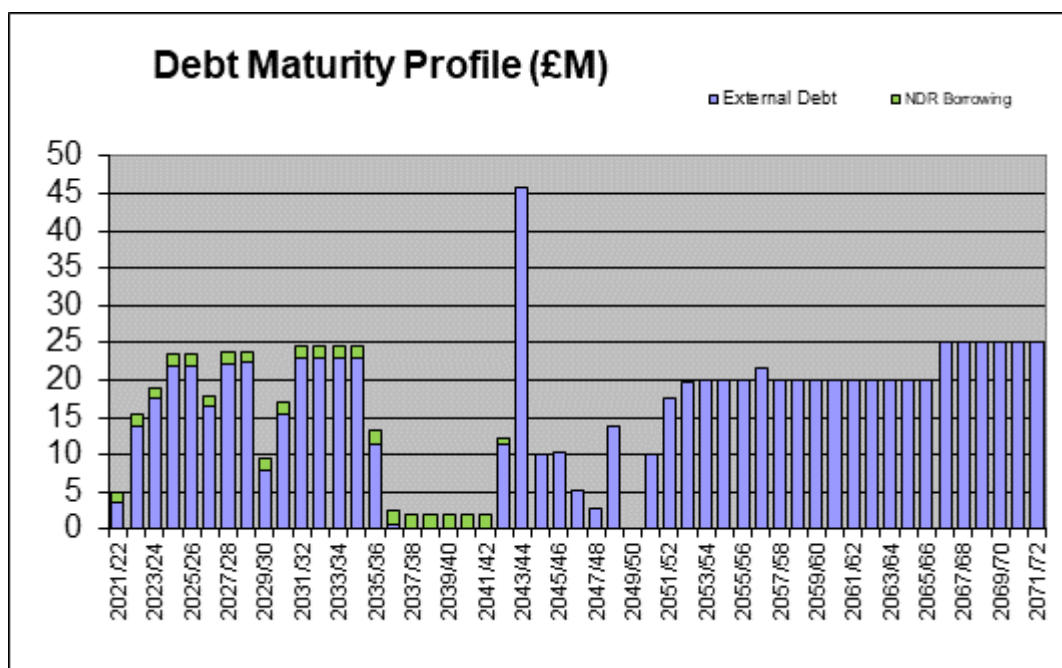
##### 4.4.4.1 Actual borrowing and borrowing requirement

|   | <b>£m</b>    |
|---|--------------|
| <b>Borrowing b/fwd 1 April 2021</b>                               | <b>749.3</b> |
| New Borrowing April – November 2021                               | 110.0        |
| Principal repayments 2021-22 – PWLB loans                         | -8.1         |
| Forecast additional borrowing 2021-22                             | 0            |
| <b>Forecast borrowing 31 March 2022</b>                           | <b>851.2</b> |
| Other long-term liabilities (PFI + leases) 31 March 2022          | 46.8         |
| <b>Forecast borrowing and long-term liabilities 31 March 2022</b> | <b>898.0</b> |
|   |              |
| <b>Capital financing requirement 1 April 2021</b>                 | <b>887.0</b> |
| Borrowing requirement after assumed slippage                      | 100.3        |
| MRP and other financing movements                                 | -26.5        |
| <b>Forecast capital financing requirement 31 March 2022</b>       | <b>960.9</b> |
|   |              |
| <b>Forecast borrowing requirement 31 March 2022</b>               | <b>100</b>   |

(Note: forecasts as at 31 December 2021)

#### 4.4.4.2 Repayment profile of borrowing

The Council borrows in order to fund capital expenditure. This chart shows the repayment profile of borrowing undertaken as at the end of November 2021:



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 2021-22. 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.

| <b>Borrowing revenue costs (as at November 2021)</b>                 | <b>£m</b>    |
|--|--------------|
| Forecast external loans interest costs 2021-22                       | 30.9         |
| Calculated MRP 2021-22   | 31.7         |
| Theoretical revenue costs of borrowing                               | <b>62.6</b>  |
| Use of capital receipts  | -2.0         |
| Use of external contributions  |              |
| Reduction due to previous overpayments of MRP (temporary adjustment) | -3.26        |
| <b>Annual revenue costs of borrowing 2021-22</b>                     | <b>57.34</b> |

Additional borrowing will increase the cost of interest. The recent dip in PWLB interest rates compared with the higher rates of borrowing on repaid debt is assisting with the funding of new borrowing costs in the current year.

The reduction due to previous overpayments of MRP will be fully used in 2021-22. 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 2022 of £100m.

Except in the case of specific externally financed projects (such as the Great Yarmouth 3<sup>rd</sup> River Crossing), new borrowing is applied to the funding of previous capital expenditure, effectively replacing cash balances which have been used on a temporary basis to avoid the cost of 'carrying' debt in the short term. The Council continues to use cash balances for this purpose and will continue to balance the long-term advantages of locking into favourable interest rates against the costs of additional debt.

Based on the capital programme, an allowance for slippage, forecast interest rates and cash balances, new borrowing of £80m in 2022-23 and £60m 2023-24 is anticipated.

Assuming outstanding borrowing of approximately £1bn with a maximum life of 50 years, and annual MRP exceeding £30m 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 £28m, 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 £80m 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<br>(Note 2) | MRP over-<br>payment<br>reduction | Net MRP<br>forecast<br>(Note 1) |
|----------------|-----------------|-----------------------------------|---------------------------------|
|                | £m              | £m                                | £m                              |
| 2021-22        | 31.7            | 3.3-                              | 28.4                            |
| 2022-23        | 38.5            | -                                 | 38.5                            |
| 2023-24        | 41.5            |                                   | 41.5                            |
| 2023-24        | 44.5            |                                   | 44.5                            |

*Note 1: impact on revenue budget will be reduced by the use of capital receipts to fund short-life capital expenditure, 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 2022-23 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.

This strategy was refreshed in July 2021 when the Council brought together over 100 partners from across all sectors to look at the impact of COVID-19 on Norfolk and to identify opportunities for long-term economic and social recovery. Better Together for Norfolk 2021 to 2025 sets out the Council's strategic priorities for the next 4 years with its focus on working with partner to deliver common priorities including:

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

Elements of the capital programme are focussed on these strategic priorities 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 2022-23, 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 higher 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( Annex 1) was reviewed by the Capital Quarterly Review Board in November 2021 and reflects the current priorities of the Council.

**Norfolk County Council**

## Capital programme prioritisation 2022-27

### Capital Annex 1 –Marking scheme – with marking guide

Allocation of resources will be based on ranking. Schemes will be included up to the point that funding is available. This might mean that projects are banded into different funding categories.

|   | Heading   | Reason   | SCORE | Scoring guide - Enhanced   | Weighting |
|---|---|--|-------|--|-----------|
| 1 | <b>Statutory or Regulatory Duty (Governance)</b>  | Is there a clearly identifiable requirement to meet statutory or regulatory obligations?   | 5     | Specific and immediate statutory duty, funded externally   | 40%       |
|   |   |  | 4     | Statutory duty – but flexibility in its application and supported by external funding  |           |
|   |   |  | 3     | Implied / indirect duty  |           |
|   |   |  | 2     | Project may enhance statutory provision  |           |
|   |   |  | 1     | Non NCC statutory duty   |           |
|   |   |  | 0     | No statutory duty addressed  |           |
| 2 | <b>County Council priorities (Sustainability)</b> | Does the scheme directly contribute to the Council's vision, principles and corporate priorities?  | 5     | Fundamental to the delivery of one or more Council Priorities, delivers revenue savings and promotes sustainability objectives | 20%       |
|   |   |  | 4     | Supports one or more Council Priorities  |           |
|   |   |  | 3     | Direct contributes to 1 Council Priority   |           |
|   |   |  | 2     | Indirect contribution to more than one priority  |           |
|   |   |  | 1     | Indirect contribution to one priority  |           |
|   |   |  | 0     | No contribution to priorities  |           |
| 3 | <b>Ecological Priorities</b>                      | Will the scheme fulfil the objectives of more than one departmental service plan?  | 5     | Delivers a reduction in carbon footprint for Norfolk   | 20%       |
|   |   |  | 4     | Delivers a carbon neutral outcome for Norfolk  |           |
|   |   |  | 3     | Supports the delivery of carbon neutrality over the long term (3-5 years)  |           |
|   |   |  | 2     | Indirectly contributes toward reduction in carbon footprint  |           |
|   |   |  | 1     | No impact on carbon footprint  |           |
|   |   |  | 0     | Increases in carbon footprint in the short term  |           |
| 4 | <b>Mitigation of risk to service delivery</b>     | Is prudential borrowing / capital receipt required (assume for this purpose that non-ring-fenced grants are applied to the natural recipient)? | 5     | Immediate / definite risk to service delivery  | 20%       |
|   |   |  | 4     | Medium term risk to statutory service delivery   |           |
|   |   |  | 3     | Probable / medium term risk to service delivery  |           |
|   |   |  | 2     | Minor effect on statutory service delivery   |           |
|   |   |  | 1     | Minor effect on non-statutory service delivery   |           |
|   |   |  | 0     | No risk to current service delivery.   |           |

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.

## Annex 2: Capital programme 2022-27 – prioritisation scores

|  | Stat or<br>Regulatory<br>duty | CC<br>Priorities | Ecological<br>Priorities | Mitigation of<br>risk to<br>service<br>delivery | Total Score |
|--|-------------------------------|------------------|--------------------------|---|-------------|
| Criteria   | 1                             | 2                | 3                        | 4   |             |
| Weighting  | 40                            | 20               | 20                       | 20  |             |
| Services/Projects                                | Score                         | Score            | Score                    | Score   |             |
| Living Well - Homes for Norfolk                  | 4                             | 5                | 2                        | 4   | 76          |
| Highways Capital Improvements                    | 4                             | 5                | 1                        | 4   | 72          |
| Highways DfT Grant Funded Works                  | 4                             | 4                | 1                        | 5   | 72          |
| Highways Structural Maintenance                  | 4                             | 4                | 1                        | 5   | 72          |
| Children's Homes/Residential Premises            | 3                             | 5                | 2                        | 4   | 68          |
| SEND Transformation and Provision                | 4                             | 4                | 2                        | 3   | 68          |
| Major Highways Schemes                           | 3                             | 5                | 1                        | 5   | 68          |
| Replacement HWRC                                 | 3                             | 4                | 2                        | 5   | 68          |
| Better Broadband                                 | 3                             | 5                | 3                        | 3   | 68          |
| Children's Homes/Residential Premises            | 4                             | 3                | 2                        | 4   | 68          |
| Schools Capital Maintenance                      | 3                             | 4                | 1                        | 5   | 64          |
| Fire Appliances and Equipment                    | 3                             | 4                | 1                        | 5   | 64          |
| LED replacement                                  | 3                             | 4                | 4                        | 2   | 64          |
| Local Safety Schemes & Resurfacing               | 4                             | 3                | 2                        | 3   | 64          |
| Scottow Enterprise Park                          | 3                             | 5                | 2                        | 3   | 64          |
| Finance and HR systems                           | 4                             | 2                | 3                        | 3   | 64          |
| ICT Refresh and System Upgrades                  | 3                             | 2                | 3                        | 5   | 64          |
| Decarbonisation Studies                          | 3                             | 3                | 4                        | 2   | 60          |
| Library Replacement Schemes                      | 4                             | 3                | 2                        | 2   | 60          |
| Norfolk Infrastructure Projects                  | 3                             | 3                | 3                        | 3   | 60          |
| Road Drainage                                    | 3                             | 4                | 2                        | 3   | 60          |
| Museums and Historic Building Maintenance        | 3                             | 4                | 2                        | 3   | 60          |
| Community - Equipment and Assistive Technology   | 2                             | 3                | 2                        | 5   | 56          |
| Children's Services                              | 4                             | 3                | 1                        | 2   | 56          |
| Schools Basic Needs                              | 3                             | 4                | 1                        | 3   | 56          |
| Fire Property Maintenance                        | 3                             | 2                | 2                        | 4   | 56          |
| Corporate Office Maintenance                     | 3                             | 2                | 2                        | 4   | 56          |
| Electric Pool Cars                               | 2                             | 3                | 4                        | 3   | 56          |
| Fire Property Maintenance                        | 3                             | 2                | 2                        | 4   | 56          |
| Environment & Greenways                          | 3                             | 1                | 3                        | 3   | 52          |
| GRT- Site Improvements                           | 3                             | 2                | 1                        | 4   | 52          |
| HLP Castle Keep                                  | 3                             | 4                | 2                        | 1   | 52          |
| Libraries Community Hub Programme                | 3                             | 3                | 2                        | 2   | 52          |
| Museums and Historic Building Maintenance        | 3                             | 3                | 2                        | 2   | 52          |
| County Farms                                     | 3                             | 1                | 2                        | 4   | 52          |
| Licensing and ICT Capital Improvements           | 3                             | 2                | 3                        | 2   | 52          |
| Fire Vehicle Replacements                        | 3                             | 2                | 2                        | 2   | 48          |
| Social Infrastructure & Environment Policy       | 3                             | 3                | 1                        | 2   | 48          |
| CPT Minor Works                                  | 2                             | 3                | 2                        | 3   | 48          |
| Fire One Store                                   | 2                             | 2                | 2                        | 3   | 44          |
| Social Care Information System                   | 3                             | 2                | 1                        | 1   | 40          |
| Great Yarmouth O&M Campus                        | 2                             | 4                | 1                        | 1   | 40          |
| Wensum Lodge Development                         | 1                             | 4                | 1                        | 3   | 40          |
| County Hall Refurbishment                        | 2                             | 2                | 2                        | 2   | 40          |
| Norse and other NCC subsidiaries loan facilities | 3                             | 1                | 1                        | 2   | 40          |
| Winterbourne Project                             | 3                             | 2                | 1                        | 0   | 36          |
| Clean Bus Technology                             | 1                             | 3                | 3                        | 1   | 36          |
| Repayment of Debt (Dummy Reference Bid)          | 2                             | 3                | 0                        | 2   | 36          |
| Social Care unallocated                          | 2                             | 2                | 1                        | 0   | 28          |

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 2022-27 – new and existing schemes £m

| Services/Projects                              | 2022-23 NCC         |                                  | 2023-24 NCC         |                                  | 2024-25 NCC         |                                  | 2025-26 NCC         |                                  | 2026-27 NCC         |                                  | TOTAL         |
|--|---------------------|----------------------------------|---------------------|----------------------------------|---------------------|----------------------------------|---------------------|----------------------------------|---------------------|----------------------------------|---------------|
|  | Borrowing & Capital | 2022-23 Grants and Contributions | Borrowing & Capital | 2023-24 Grants and Contributions | Borrowing & Capital | 2024-25 Grants and Contributions | Borrowing & Capital | 2025-26 Grants and Contributions | Borrowing & Capital | 2026-27 Grants and Contributions |               |
|  | Receipts            |                                  | Receipts            |                                  | Receipts            |                                  | Receipts            |                                  | Receipts            |                                  |               |
| <b>Adult Social Care</b>                       | <b>16.23</b>        | <b>0.21</b>                      | <b>21.37</b>        | <b>0.00</b>                      | <b>23.49</b>        | <b>0.00</b>                      | <b>3.20</b>         | <b>0.00</b>                      | <b>3.20</b>         | <b>0.00</b>                      | <b>67.70</b>  |
| Community - Equipment and Assistive Technology | 3.00                | 0.00                             | 3.00                | 0.00                             | 3.20                | 0.00                             | 3.20                | 0.00                             | 3.20                | 0.00                             | 15.60         |
| Disabled Facilities Grant                      | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00          |
| Living Well - Homes for Norfolk                | 11.89               | 0.00                             | 18.37               | 0.00                             | 20.29               | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 50.55         |
| Social Care Information System                 | 0.41                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.41          |
| Social Care unallocated                        | 0.93                | 0.21                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 1.14          |
| Winterbourne Project                           | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00          |
| <b>Children's Services</b>                     | <b>19.67</b>        | <b>44.62</b>                     | <b>21.57</b>        | <b>22.51</b>                     | <b>33.06</b>        | <b>5.20</b>                      | <b>11.30</b>        | <b>0.00</b>                      | <b>39.63</b>        | <b>0.00</b>                      | <b>197.55</b> |
| Children's Homes/Residential Premises          | 2.00                | 0.00                             | 1.00                | 0.00                             | 1.00                | 0.00                             | 1.00                | 0.00                             | 1.00                | 0.00                             | 6.00          |
| Children's Services                            | 0.70                | 1.14                             | 0.50                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 2.35          |
| Schools Basic Needs                            | 4.03                | 29.91                            | 0.07                | 19.37                            | 1.76                | 5.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 60.14         |
| Schools Capital Maintenance                    | 2.79                | 9.06                             | 0.00                | 3.14                             | 0.30                | 0.20                             | 0.30                | 0.00                             | 0.32                | 0.00                             | 16.11         |
| SEND Transformation and Provision              | 10.14               | 4.50                             | 20.00               | 0.00                             | 30.00               | 0.00                             | 10.00               | 0.00                             | 38.31               | 0.00                             | 112.95        |
| <b>Community &amp; Environmental Services</b>  | <b>85.76</b>        | <b>36.49</b>                     | <b>35.62</b>        | <b>22.42</b>                     | <b>36.71</b>        | <b>86.75</b>                     | <b>20.40</b>        | <b>36.73</b>                     | <b>4.09</b>         | <b>0.17</b>                      | <b>365.13</b> |
| Clean Bus Technology                           | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00          |
| Environment & Greenways                        | 2.61                | 0.00                             | 1.14                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 3.75          |
| Fire Appliances and Equipment                  | 1.59                | 0.00                             | 0.49                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 2.08          |
| Fire Property Maintenance                      | 2.33                | 0.00                             | 0.01                | 0.00                             | 0.01                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 2.35          |
| Fire Vehicle Replacements                      | 9.99                | 0.00                             | 7.80                | 0.00                             | 10.60               | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 28.39         |
| Great Yarmouth O&M Campus                      | 1.00                | 17.00                            | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 18.00         |
| GRT- Site Improvements                         | 0.50                | 0.00                             | 0.50                | 0.00                             | 0.50                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 1.50          |
| Highways Capital Improvements                  | 0.58                | 0.00                             | 0.05                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.63          |
| Highways DfT Grant Funded Works                | 6.49                | 0.00                             | 8.19                | 21.96                            | 12.12               | 86.75                            | 17.28               | 36.73                            | 3.99                | 0.17                             | 193.67        |
| Highways Structural Maintenance                | 0.10                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.10          |
| HLP Castle Keep                                | 3.18                | 2.74                             | 0.00                | 0.44                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 6.36          |
| LED replacement                                | 5.88                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 5.88          |
| Libraries Community Hub Programme              | 0.50                |                                  | 1.00                |                                  | 1.50                |                                  |                     |                                  |                     |                                  | 3.00          |
| Library Replacement Schemes                    | 4.28                | 0.47                             | 2.66                | 0.02                             | 1.00                | 0.00                             | 1.00                | 0.00                             | 0.00                | 0.00                             | 9.43          |
| Local Safety Schemes & Resurfacing             | 9.62                | 0.00                             | 4.37                | 0.00                             | 4.37                | 0.00                             | 2.12                | 0.00                             | 0.09                | 0.00                             | 20.57         |
| Major Highways Schemes                         | 23.83               | 16.28                            | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 40.11         |
| Museums and Historic Building Maintenance      | 0.59                | 0.00                             | 0.42                | 0.00                             | 0.05                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 1.06          |
| Norfolk Infrastructure Projects                | 2.27                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 2.27          |
| Replacement HWRC                               | 5.83                | 0.00                             | 6.29                | 0.00                             | 3.06                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 15.19         |
| Road Drainage                                  | 0.55                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.55          |
| Scottow Enterprise Park                        | 0.88                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.88          |
| Social Infrastructure & Environment Policy     | 2.95                | 0.00                             | 0.70                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 3.65          |
| Wensum Lodge Development                       | 0.20                | 0.00                             | 2.00                | 0.00                             | 3.50                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 5.70          |

Appendix C (cont)

| Services/Projects                                | 2022-23 NCC         |                                  | 2023-24 NCC         |                                  | 2024-25 NCC         |                                  | 2025-26 NCC         |                                  | 2026-27 NCC         |                                  | TOTAL         |
|--|---------------------|----------------------------------|---------------------|----------------------------------|---------------------|----------------------------------|---------------------|----------------------------------|---------------------|----------------------------------|---------------|
|  | Borrowing & Capital | 2022-23 Grants and Contributions | Borrowing & Capital | 2023-24 Grants and Contributions | Borrowing & Capital | 2024-25 Grants and Contributions | Borrowing & Capital | 2025-26 Grants and Contributions | Borrowing & Capital | 2026-27 Grants and Contributions |               |
|  | Receipts            |                                  | Receipts            |                                  | Receipts            |                                  | Receipts            |                                  | Receipts            |                                  |               |
| ⊟ Finance & CS                                   | 44.11               | 0.00                             | 28.69               | 0.00                             | 12.37               | 0.00                             | 0.96                | 0.00                             | 0.96                | 0.00                             | 87.09         |
| Better Broadband                                 | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00          |
| Children's Homes/Residential Premises            | 1.60                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 1.60          |
| Corporate Office Maintenance                     | 12.81               | 0.00                             | 6.17                | 0.00                             | 1.24                | 0.00                             | 0.50                | 0.00                             | 0.50                | 0.00                             | 21.22         |
| County Farms                                     | 3.31                | 0.00                             | 0.16                | 0.00                             | 0.16                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 3.62          |
| County Hall Refurbishment                        | 0.29                | 0.00                             | 0.09                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.38          |
| CPT Minor Works                                  | 1.55                | 0.00                             | 0.97                | 0.00                             | 0.60                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 3.12          |
| Electric Pool Cars                               | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00          |
| Finance and HR systems                           | 4.00                | 0.00                             | 0.46                | 0.00                             | 0.46                | 0.00                             | 0.46                | 0.00                             | 0.46                | 0.00                             | 5.84          |
| Fire Property Maintenance                        | 0.49                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.49          |
| ICT Refresh and System Upgrades                  | 11.40               | 0.00                             | 10.50               | 0.00                             | 9.91                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 31.81         |
| Licensing and ICT Capital Improvements           | 0.30                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.30          |
| Museums and Historic Building Maintenance        | 0.50                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.50          |
| Norse and other NCC subsidiaries loan facilities | 7.20                | 0.00                             | 9.70                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 16.90         |
| Decarbonisation Studies                          | 0.65                |                                  | 0.65                |                                  |                     |                                  |                     |                                  |                     |                                  | 1.30          |
| (blank)  | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00          |
| ⊟ Strategy & Governance                          | 0.28                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.28          |
| Licensing and ICT Capital Improvements           | 0.28                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.00                | 0.00                             | 0.28          |
| <b>Grand Total</b>                               | <b>166.04</b>       | <b>81.32</b>                     | <b>107.26</b>       | <b>44.93</b>                     | <b>105.62</b>       | <b>91.95</b>                     | <b>35.86</b>        | <b>36.73</b>                     | <b>47.88</b>        | <b>0.17</b>                      | <b>717.76</b> |

## Appendix D: New and extended capital schemes

Proposed new schemes added to the capital programme are listed below:

| New Capital Project                              | Scheme Description   | Expected service benefits/improvements resulting from this asset  | Financial Years |              |              |              |              | Score |
|--|--|---|-----------------|--------------|--------------|--------------|--------------|-------|
|  |  |   | 2022-23         | 2023-24      | 2024-25      | 2025-26      | 2026-27      |       |
| ICES Equipment                                   |  | Represents an extension of the current scheme and is linked to revenue savings.   | 0.000           | 0.000        | 2.700        | 2.700        | 2.700        | 56    |
| Assistive Tech - SC8169                          |  | Represents an extension of the current scheme and is linked to revenue savings.   | 0.500           | 0.500        | 0.500        | 0.500        | 0.500        | 56    |
| <b>TOTAL ADULT SOCIAL SERVICES</b>               |  |   | <b>0.500</b>    | <b>0.500</b> | <b>3.200</b> | <b>3.200</b> | <b>3.200</b> |       |
| Norfolk Fire and Rescue Service - FireOne Store. | Construction of a combined logistic hub and storage facility at Wymondham Fire Station | In addition to the above, Norfolk County Council have set a Carbon Zero target date of 2030. To support this, the new building shall be designed to be support these targets by use of low and zero carbon technologies. This shall include: Installation of Solar Panels to contribute to sites electrical power demands. Battery Storage to be considered on a cost benefit analysis. Installation of air source heat pumps for heating as opposed to reliance on fossil fuels. | 0.871           | 0.000        | 0.000        | 0.000        | 0.000        | 44    |
| Thetford FS maintenance                          | Increase of the 22-23 budget from £373k to match the tender                            | Thetford Fire Station is part of the long term premises strategy of the Fire Service. It is deemed a flagship and is operationally critical. The improvements planned to the site are essential for staff welfare, better ways of working and environmental considerations.   | 0.275           |              |              |              |              | 56    |

|   |   |  |       |       |       |       |       |    |
|---|---|--|-------|-------|-------|-------|-------|----|
| Capital investment needed for ongoing maintenance and repair of NFRS Live Fire Structure (fire breathing apparatus and fire behaviour training) based at Scottow Enterprise Park. | Establishing a 3yr maintenance and repair capital budget specifically for NFRS Live Fire training structure based at Scottow Enterprise Park                | Continuing to deliver training to ensure Firefighters remain competent to enter fire situations to rescue members of public and extinguish fire. | 0.012 | 0.012 | 0.012 | 0.000 | 0.000 | 64 |
| GFW Environmental Landscape Management project  | Project to enhance the environmental Landscape at Gressenhall Rural Life museum   | Enhanced Service Offer - part of the overall plan create an environmental hub  | 0.149 | 0.050 | 0.050 | 0.000 | 0.000 | 52 |
| Trading Standards 10g Mass Compactor  | Investment in a robotic mass comparator as it increases throughput as it works overnight etc. and helps reduce overheads                                    | Increased productivity, and potential additional income generation   | 0.135 | 0.000 | 0.000 | 0.000 | 0.000 | 60 |
| Highways Depot Improvements   | Essential Environmental and Health and safety related works to Highways depots  | Improvements to the Highways depot estates   | 0.100 | 0.050 | 0.000 | 0.000 | 0.000 | 72 |
| Libraries - Community Hub Programme   | Manifesto commitment to invest £3m on library estate to extend Service and modernise facilities   | Improved user experience and wider access to key user groups   | 0.500 | 1.000 | 1.500 | 0.000 | 0.000 | 52 |
| Jubilee Trails projects   | Improvements/ Enhancements to the Walking and Cycling network   | Enhanced Walking and Cycling opportunities, Cultural Tourism, health benefits  | 0.900 | 0.000 | 0.000 | 0.000 | 0.000 | 52 |
| Wensum Lodge Development  | Development of the Wensum Lodge Site - continuation of the project. It is intended that there will be a separate Cabinet report to approve the further work | Increased capacity to deliver adult training courses and a wider offer for the Adult learning, plus additional conference facilities or NCC      | 0.000 | 1.000 | 3.500 | 0.000 | 0.000 | 40 |

|   |   |   |              |              |               |              |              |    |
|---|---|---|--------------|--------------|---------------|--------------|--------------|----|
| Fire - High reach appliance replacement               | IRMP response capability provides three high reach vehicles in Norfolk King's Lynn vehicle due for replacement during financial year 2022/23. | Requirement of the IRMP capabilities  | 1.000        | 0.000        | 0.000         | 0.000        | 0.000        | 64 |
| Fire - Heavy Vehicle replacements                     | Replacement of Fire Engines - Red Fleet   | Current fleet coming to the end of their useful economic life   | 3.200        | 5.000        | 10.600        | 0.000        | 0.000        | 48 |
| Fire -Emergency Response Vehicles (Response Officers) | Replacement of emergency response vehicles (cars)   | Current fleet coming to the end of it's useful life, there needs replacement  | 0.000        | 0.200        | 0.000         | 0.000        | 0.000        | 48 |
| Fire - Replacement Utility Vans                       | Current provision of 9 leased vans are each >100,000 miles and >6 years old.  | support the requirements of the service as set out in the IRMP  | 0.323        | 0.000        | 0.000         | 0.000        | 0.000        | 48 |
| Fire - Driver Training Vehicle                        | Fire - Driver Training Vehicle  | Current vehicle due for replacement and does not provide candidates with a vehicle reflecting current technical and safety specification of modern fire engines. Contingency vehicle for spate conditions | 0.160        | 0.000        | 0.000         | 0.000        | 0.000        | 48 |
| Fire - replacement USAR equipment                     | Replacement of essential PPE and equipment (boat) for Urban Search and Rescue   | Essential PPE equipment that is now out of date   | 0.140        | 0.000        | 0.000         | 0.000        | 0.000        | 64 |
| North Walsham HWRC                                    | New Household Waste Recycling Centre in North Walsham to meet increased demand for waste services   | This scheme is linked to improvements to the HWRC to increase the potential for reuse/recycle of items brought to the HWRC. Potential revenue generation.   | 0.100        | 0.130        | 2.680         | 0.000        | 0.000        | 68 |
| Drainage Improvement Schemes                          | Flood prevention and improvements to highways and road systems  |   | 0.380        | 0.380        | 0.380         | 0.000        | 0.000        | 60 |
| Weather Stations                                      | Extension of current refurbishment of weather stations scheme   | Part of the structural maintenance programme of highways  | 0.100        |              |               |              |              | 72 |
| <b>TOTAL COMMUNITY AND ENVIRONMENTAL SERVICES</b>     |   |   | <b>8.345</b> | <b>7.822</b> | <b>18.722</b> | <b>0.000</b> | <b>0.000</b> |    |

|  |  |   |       |       |       |       |       |    |
|--|--|---|-------|-------|-------|-------|-------|----|
| Decarbonisation Studies  | Further decarbonisation studies and remediation works will be needed across several hundred buildings, including the county farms and schools estates  | To support NCC's commitment to be carbon neutral by 2020.   | 0.650 | 0.650 | 0.000 | 0.000 | 0.000 | 60 |
| Hethersett Fire Station Improvements   | The fire station was built as an integral part of NRFS headquarters. Improvements required to provide sufficient office space, showering facilities and appliance storage.   | Ensure operational readiness & firefighter safety by ensuring more time for training. Develop a diverse and high performing workforce   | 0.275 | 0.000 | 0.000 | 0.000 | 0.000 | 56 |
| Technology Transformation Capital Programme  | Provided in the attached spreadsheet   | Technology Refresh and Transformation to support the business now and in the future   | 0.293 | 1.667 | 9.912 | 0.000 | 0.000 | 64 |
| HR & Finance Transformation (myOracle)<br><br>myOracle Go-Live and continued product development | Continued optimisation of core oracle products supporting HR & Finance (including Payroll and Procurement) processes (via product 1/4ly updates)<br>Support and development of new oracle products (via 1/4ly product updates) | Continued maximisation of core oracle products via enhanced self service and reporting to employees, customers and suppliers  | 4.000 | 0.460 | 0.460 | 0.460 | 0.460 | 64 |
| Future Network Spend to Save Project   | We will be implementing a new network service to Improve security, provide more flexibility, make revenue savings and exit the Capita contract which ends March 2024.  | This will deliver revenue savings estimated at an average of £400k per year. We will be using capital £2.1M to fund the cost of change (Licences, staff and software) and enable a smooth transition to the new services.   | 1.368 | 0.730 | 0.000 | 0.000 | 0.000 | 64 |
| Repton Property Developments Limited - additional capital loan facility                          | Additional capital loan facility to support Repton Property Developments Limited (wholly owned by Norfolk County Council) deliver housing developments in Norfolk.   | Due to accelerated development at a large development at Hopton, the latest cashflow suggests that £26.5m loan will be needed. This is higher than the current £25m facility, and is needed for less than six months. The proposed increase to from £25m to £35m would cover sales being put back by 3 months which would be sufficient time to re-assess the rate of development and | 5.000 | 5.000 | 0.000 | 0.000 | 0.000 | 40 |

|   |  |  |       |       |       |       |       |    |
|---|--|--|-------|-------|-------|-------|-------|----|
|   |  | therefore spend.   |       |       |       |       |       |    |
| Various CPT Projects - extension of schemes for property maintenance            |  |  | 4.540 | 4.190 | 1.100 | 0.000 | 0.000 | 56 |
| Elizabeth House Walpole Loke, Dereham NR19 1EE office alterations - cost saving | Breckland District Council are looking to redevelop/dispose of the Dereham Breckland Business Centre where NCC Childrens Services and Adult Services lease space. This bid is for alterations and furnishing of the proposed new leased in space at Elizabeth House to accommodate Childrens Services and Adults Services from the their current location Dereham Breckland Business Centre. | Improved modern office accommodation and client areas, revenue savings | 0.450 | 0.000 | 0.000 | 0.000 | 0.000 | 52 |

|  |  |   |               |               |               |              |              |    |
|--|--|---|---------------|---------------|---------------|--------------|--------------|----|
| Shrublands Farm building and NCC Family Time Service | The proposal is to undertake a feasibility study to identify whether the Shrublands Farm building can be adapted to accommodate the NCC Family Time Service who are currently in an end of life building and undertake works to bring the building back to full repair. Location is Shrublands, Magdalen Way, Gorleston, Great Yarmouth, Norfolk, NR31 7BP | The premises would be used for two functions. Firstly, the centre will enable staff to meet demand in facilitating Looked after Children to maintain safe links with their birth families while they are waiting for courts to make long term decisions and beyond. The premises would allow the service to significantly increase their productivity. Secondly, the centre would provide workspace for the new community assessment function workers to use. The use for the community assessment function will include family meetings, assessment meetings, facilitating change work and supervision of staff. | 0.611         | 0.000         | 0.000         | 0.000        | 0.000        | 52 |
| County Farms - statutory compliance                  | Improvement in statutory compliance as landlord to the County Farms estate   | Statutory compliance  | 0.159         | 0.159         | 0.159         | 0.000        | 0.000        | 52 |
| GRT Sites - rolling budget                           |  | Placeholder - pending further discussions with District Councils  | 0.500         | 0.500         | 0.500         | 0.500        | 0.500        | 52 |
| <b>TOTAL FINANCE AND COMMERCIAL SERVICES</b>         |  |   | <b>17.846</b> | <b>13.356</b> | <b>12.131</b> | <b>0.960</b> | <b>0.960</b> |    |

|                                 |               |               |               |               |              |              |
|---------------------------------|---------------|---------------|---------------|---------------|--------------|--------------|
| <b>TOTAL NEW BIDS - 2022-23</b> | <b>90.742</b> | <b>26.690</b> | <b>21.678</b> | <b>34.053</b> | <b>4.160</b> | <b>4.160</b> |
|---------------------------------|---------------|---------------|---------------|---------------|--------------|--------------|



# **Report taken to Cabinet**

**Item No. 8C**

**Report Title: Annual Investment and Treasury Strategy 2022-23**

**Date of Meeting: 31 January 2022**

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

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

**Is this a Key Decision? Yes**

**If this is a Key Decision, date added to the Forward Plan of Key Decisions: 26 February 2021**

## **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 finances; setting out 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 2022-23

## **Recommendations:**

Cabinet is asked to endorse and recommend to County Council the Annual Investment and Treasury Strategy for 2022-23 as set out in Annex 1, including:

- The Capital Prudential Indicators included in the body of the report
- The Minimum Revenue Provision Statement 2022-23 in 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 Member 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 Department of Levelling Up Housing and Communities' (DLUHC'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 the DLUHC's Investment Guidance.

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

- 3.1. This report presents the Council's borrowing and investment strategies for 2022-23 providing the framework for managing the capital borrowing requirement within prudential and financially sustainable limits.
- 3.2. Given the recent increase in the Bank of England base interest rates, coupled with economic uncertainties borrowing rates are forecast to increase in 2022-23. A flexible approach to borrowing for capital purposes will be maintained which avoids the "cost of carrying debt" in the short term, whilst taking advantage of dips in borrowing rates, where possible, to secure long-term savings on the cost of borrowing.
- 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 cashflow 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 Work 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 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 stayed at the historical low level of 0.1% until 15 December 2021, when the Bank of England's Monetary Policy Committee (MPC) voted to increase the Bank Rate to 0.25%. This move signals the MPC's commitment using interest rates to meet the 2% inflation target, and supports the forecast of rising interest rates for 2022-23.
- 6.2. To fund future capital expenditure, officers will continue to work with the Council's treasury advisors to identify the most advantageous timing and sources of borrowing.
- 6.3. At 31 December 2021, the Council's external debt was £855.3m, having borrowed £110m to date since April 2021, securing long term borrowing at fixed rates below a 1.85% interest rate trigger point and securing £0.718m savings on the cost of carrying debt. No further borrowing is required for the remainder of 2021-22 to meet the current capital expenditure commitments.
- 6.4. 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. Human Rights implications**

None identified.

**8.3. Equality Impact Assessment**

Treasury management activities take place to manage the cashflows relating to the Council's revenue and capital budgets. In setting the 2022-23 budget, the council has undertaken public consultation. This public consultation process has informed an equality impact assessment in respect of both the 2022-23 Budget proposals and the Council's Budget as a whole. In addition, councillors have considered the impact of proposals on rural areas.

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

DPIA is not required as the data reported in this paper does not drill down to the personal data level.

**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 in account counterpart risk and liquidity. The strategy also sets out how the Council manages interest rate risks.

**10. Select Committee comments**

- 10.1. None

**11. Recommendation**

- 11.1. Recommendations are set out in the introduction to this report.

**12. Background Papers**

- 12.1. Capital Strategy and Programme 2022-23 on this agenda.

**Officer Contact**

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

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

## **Treasury Management Strategy**

including

Minimum Revenue Provision Policy Statement and  
Annual Investment Strategy

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2022-23

*Note: the tables in this report will be amended to reflect any changes to the capital programme between this meeting and February County Council*

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# 1 Introduction

## 1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

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."*

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.

## **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 DLUHC 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 2022-23**

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, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

### **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 November 2021 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 2022-23 – 2024-25

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

### 2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

Members are asked to approve the capital expenditure forecasts:

| <b>Capital expenditure £m</b>              | <b>2020-21 Actual</b> | <b>2021-22 Estimate</b> | <b>2022-23 Estimate</b> | <b>2023-24 Estimate</b> | <b>2024-25 Estimate</b> |
|--|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Services                                   | 215.348               | 275.358                 | 241.864                 | 147.308                 | 197.687                 |
| Capital loans to group and other companies | 3.372                 | 10.428                  | 5.000                   | 5.000                   | 0.000                   |
| Infrastructure loans to third parties      | 0.731                 | 1.148                   | 0.000                   | 0.000                   | 0.000                   |
| <b>Total</b>                               | <b>219.451</b>        | <b>286.934</b>          | <b>246.864</b>          | <b>152.308</b>          | <b>197.687</b>          |

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.

| <b>Financing of capital expenditure £m</b> | <b>2020-21 Actual</b> | <b>2021-22 Estimate</b> | <b>2022-23 Estimate</b> | <b>2023-24 Estimate</b> | <b>2024-25 Estimate</b> |
|--|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Capital grants                             | 141.621               | 176.916                 | 81.317                  | 39.932                  | 91.946                  |
| Revenue and reserves                       | 3.478                 |                         |                         |                         |                         |
| Capital receipts                           | 3.627                 | 9.673                   | 5.061                   | 3.000                   | 3.000                   |
| Prudential borrowing                       | 70.725                | 100.345                 | 165.547                 | 112.376                 | 105.741                 |
| <b>Capital programme</b>                   | <b>219.451</b>        | <b>286.934</b>          | <b>251.925</b>          | <b>155.308</b>          | <b>200.687</b>          |
| Estimated slippage                         |                       |                         | (80.000)                | (40.000)                | (27.000)                |
| <b>Cumulative slippage</b>                 | <b>0.000</b>          | <b>0.000</b>            | <b>(80.000)</b>         | <b>(120.000)</b>        | <b>(147.000)</b>        |
| New borrowing requirement after slippage   | 70.725                | 100.345                 | 85.547                  | 72.376                  | 78.741                  |
| <b>Net financing need for the year</b>     | <b>219.451</b>        | <b>286.934</b>          | <b>171.925</b>          | <b>115.308</b>          | <b>173.687</b>          |

Slippage has been incorporated into the calculations in line with historic patterns of capital spend and the Q3 Capital Programme Review undertaken by the Capital Review Board. 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                                      | 2020-21<br>Actual | 2021-22<br>Estimate | 2022-23<br>Estimate | 2023-24<br>Estimate | 2024-25<br>Estimate |
|---|-------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Opening CFR</b>                      | <b>827.765</b>    | <b>887.045</b>      | <b>961.332</b>      | <b>1,011.776</b>    | <b>1,045.826</b>    |
| Net financing need for the year (above) | 70.725            | 100.345             | 85.547              | 72.376              | 78.741              |
| Less MRP and other financing movements  | (11.445)          | (26.462)            | (33.240)            | (42.026)            | (45.593)            |
| <b>Movement in CFR</b>                  | <b>59.280</b>     | <b>73.883</b>       | <b>52.307</b>       | <b>30.350</b>       | <b>33.148</b>       |
| <b>Closing CFR</b>                      | <b>887.045</b>    | <b>960.928</b>      | <b>1,013.235</b>    | <b>1,043.585</b>    | <b>1,076.733</b>    |

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.

In line with the Capital Strategy, the external borrowing requirement planned in conformance with the new DLUHC requirements for applying for certainty rate borrowing from the PWLB is:

| External borrowing £m | 2020/21<br>Actual | 2021/22<br>Estimate | 2022/23<br>Estimate | 2023/24<br>Estimate | 2024/25<br>Estimate |
|-----------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Service spend         | 65.622            | 88.769              | 80.547              | 67.376              | 78.741              |
| Housing               | 3.372             | 10.428              | 5.000               | 5.000               | 0.000               |
| Regeneration          | 1.731             | 1.148               | 0.000               | 0.000               | 0.000               |
| Preventative action   |                   |                     |                     |                     |                     |
| Treasury Management   |                   |                     |                     |                     |                     |
| <b>TOTAL</b>          | <b>70.725</b>     | <b>100.345</b>      | <b>85.547</b>       | <b>72.376</b>       | <b>78.741</b>       |

### 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.

| <b>Year End Resources<br/>£m</b>                            | <b>2020-21<br/>Actual</b> | <b>2021-22<br/>Estimate</b> | <b>2022-23<br/>Estimate</b> | <b>2023-24<br/>Estimate</b> | <b>2024-25<br/>Estimate</b> |
|---|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Opening investments</b>                                  | <b>173.568</b>            | <b>225.252</b>              | <b>219.907</b>              | <b>204.360</b>              | <b>196.684</b>              |
| Net (use) of reserves, capital grants, working capital etc. | 72.409                    | (15.000)                    | (10.000)                    | (15.300)                    | (15.300)                    |
| Capital expenditure funded through prudential borrowing     | (70.725)                  | (100.345)                   | (85.547)                    | (72.376)                    | (78.741)                    |
| New Borrowing   | 50.000                    | 110.000                     | 80.000                      | 80.000                      | 45.000                      |
| <b>Closing investments</b>                                  | <b>225.252</b>            | <b>219.907</b>              | <b>204.360</b>              | <b>196.684</b>              | <b>147.643</b>              |

### 2.4 Minimum revenue provision (MRP) policy statement

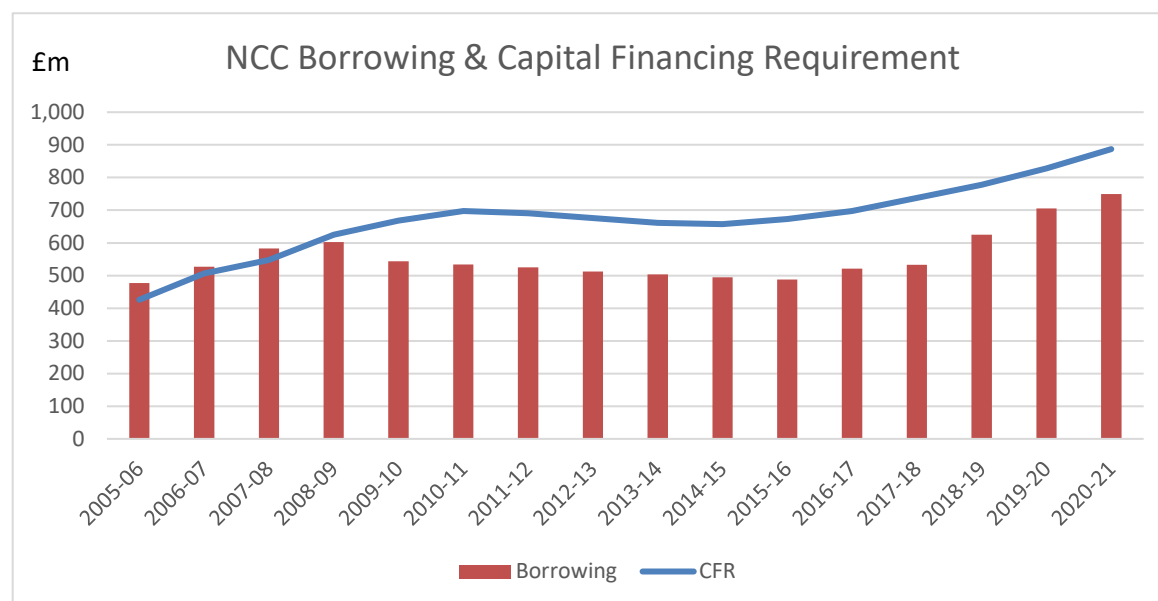
The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

DLUHC 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 2021-22, 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 2021 and for December 2021 is shown below for both borrowing and investments.

|                                    | 31 March<br>2021 | 31 December<br>2021 |
|------------------------------------|------------------|---------------------|
| <b>Treasury Investments</b>        |                  |                     |
| Banks                              | 120.0            | 270.0               |
| Local authorities                  | 0.00             | 0.00                |
| Money Market funds                 | 90.9             | 62.1                |
|                                    | <b>210.9</b>     | <b>332.1</b>        |
| <b>Treasury external borrowing</b> |                  |                     |
| PWLB                               | 707.0            | 813.07              |
| Commercial (including LOBOs)       | 42.3             | 42.3                |
|                                    | <b>749.3</b>     | <b>855.37</b>       |
| <b>Net-treasury borrowing</b>      | <b>538.4</b>     | <b>514.4</b>        |

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 November 2021 the bank deposits were with Barclays, Santander UK, Close

Brothers, Goldmans Sachs, Australia New Zealand Bank, Toronto-Dominion Bank, DBS Bank and Landesbank Baden-Wuerttemberg and the Money Market Funds with Aberdeen and Aviva. At 30 November there is £90m invested in non-uk banks.

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   | 2020-21<br>Actual | 2021-22<br>Estimate | 2022-23<br>Estimate | 2023-24<br>Estimate | 2024-25<br>Estimate |
|--|-------------------|---------------------|---------------------|---------------------|---------------------|
| Debt at 1 April                            | 705.645           | 749.274             | 851.156             | 914.546             | 989.209             |
| Expected change in Debt - repayments       | (6.371)           | (8.118)             | (16.610)            | (5.337)             | (8.475)             |
| Expected change in Debt – new borrowing    | 50.000            | 110.000             | 80.000              | 80.000              | 50.000              |
| <b>Debt at 31 March</b>                    | <b>749.274</b>    | <b>851.156</b>      | <b>914.546</b>      | <b>989.209</b>      | <b>1,030.733</b>    |
| Other long-term liabilities (OLTL) 1 April | 50.082            | 48.170              | 46.847              | 44.476              | 41.098              |
| Expected change in OLTL                    | (1.912)           | (1.323)             | (2.371)             | (3.378)             | (3.711)             |
| OLTL forecast                              | <b>48.170</b>     | <b>46.847</b>       | <b>44.476</b>       | <b>41.098</b>       | <b>37.387</b>       |
| <b>Gross debt at 31 March</b>              | <b>797.444</b>    | <b>898.003</b>      | <b>959.021</b>      | <b>1,030.307</b>    | <b>1,068.120</b>    |
| The Capital Financing Requirement          | 887.045           | 959.390             | 1,039.287           | 1,092.663           | 1,070.691           |
| <b>Under / (over) borrowing</b>            | <b>89.601</b>     | <b>61.387</b>       | <b>80.265</b>       | <b>62.356</b>       | <b>2.571</b>        |

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 Actual | 2021-22 Estimate | 2022-23 Estimate | 2023-24 Estimate | 2024-25 Estimate |
|-----------------------------|----------------|------------------|------------------|------------------|------------------|
| Debt                        | 838.875        | 912.543          | 994.811          | 1,051.565        | 1,033.304        |
| Other long-term liabilities | 48.170         | 46.847           | 44.476           | 41.098           | 37.387           |
| <b>Total CFR</b>            | <b>887.045</b> | <b>959.390</b>   | <b>1,039.287</b> | <b>1,092.663</b> | <b>1,070.691</b> |

**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 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 Actual | 2021-22 Estimate | 2022-23 Estimate | 2023-24 Estimate | 2024-25 Estimate |
|-----------------------------|----------------|------------------|------------------|------------------|------------------|
| Debt                        | 880.819        | 958.170          | 1,044.552        | 1,104.143        | 1,084.969        |
| Other long-term liabilities | 52.987         | 51.532           | 48.923           | 45.208           | 41.126           |
| <b>Total</b>                | <b>933.806</b> | <b>1,009.702</b> | <b>1,093.475</b> | <b>1,149.351</b> | <b>1,126.095</b> |

### 3.3 Prospects for interest rates

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 8th November 2021. These are forecasts for certainty rates, gilt yields plus 80 bps:

| Link Group Interest Rate View 8.11.21 |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                                       | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 |
| BANK RATE                             | 0.25   | 0.25   | 0.50   | 0.50   | 0.50   | 0.75   | 0.75   | 0.75   | 0.75   | 1.00   | 1.00   | 1.00   | 1.00   | 1.25   |
| 3 month ave earnings                  | 0.30   | 0.40   | 0.50   | 0.50   | 0.50   | 0.60   | 0.80   | 0.90   | 1.00   | 1.00   | 1.00   | 1.00   | 1.00   | 1.00   |
| 6 month ave earnings                  | 0.40   | 0.50   | 0.60   | 0.60   | 0.70   | 0.80   | 0.90   | 1.00   | 1.10   | 1.10   | 1.10   | 1.10   | 1.10   | 1.10   |
| 12 month ave earnings                 | 0.50   | 0.60   | 0.70   | 0.70   | 0.80   | 0.90   | 1.00   | 1.10   | 1.20   | 1.20   | 1.20   | 1.20   | 1.20   | 1.20   |
| 5 yr PWLB                             | 1.50   | 1.50   | 1.60   | 1.60   | 1.70   | 1.70   | 1.70   | 1.80   | 1.80   | 1.80   | 1.90   | 1.90   | 2.00   | 2.00   |
| 10 yr PWLB                            | 1.80   | 1.90   | 1.90   | 2.00   | 2.00   | 2.10   | 2.10   | 2.20   | 2.20   | 2.20   | 2.30   | 2.30   | 2.30   | 2.40   |
| 25 yr PWLB                            | 2.10   | 2.20   | 2.30   | 2.40   | 2.40   | 2.40   | 2.50   | 2.50   | 2.60   | 2.60   | 2.60   | 2.60   | 2.70   | 2.70   |
| 50 yr PWLB                            | 1.90   | 2.00   | 2.10   | 2.20   | 2.20   | 2.20   | 2.30   | 2.30   | 2.40   | 2.40   | 2.40   | 2.40   | 2.50   | 2.50   |

*Additional notes by Link on this forecast table: -*

- *LIBOR and LIBID rates will cease from the end of 2021. Work is currently progressing to replace LIBOR with a rate based on SONIA (Sterling Overnight Index Average). In the meantime, our forecasts are based on expected average earnings by local authorities for 3 to 12 months.*
- *LINK forecasts for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short term cash at any one point in time.*

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 2020 to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings.

As shown in the forecast table above, the forecast for Bank Rate now includes five increases, one in December 2021 to 0.25%, then quarter 2 of 2022 to 0.50%, quarter 1 of 2023 to 0.75%, quarter 1 of 2024 to 1.00% and, finally, one in quarter 1 of 2025 to 1.25%

The Link Group have also highlighted significant risks to the forecast due to:

- Enduring labour and supply shortages that disrupt and depress economic activity
- Mutations of the Coronavirus which may render current vaccines ineffective
- The MPC's reaction to increases in the inflation rate
- Swift action by central government to cut expenditure to balance the national budget.

These risks, other major stock market risks and geopolitical risks on balance are expected to dampen the growth of the UK economy in the short term.

### **Investment and borrowing rates**

- **Investment returns** are expected to improve in 2022/23. However, while markets are pricing in a series of Bank Rate hikes, actual economic circumstances may see the MPC fall short of these elevated expectations.
- **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 and still remain at historically low levels. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.
- On 25.11.20, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates which had been increased by 100 bps in October 2019. The standard and certainty margins were reduced by 100 bps but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three-year capital programme. The current margins over gilt yields are as follows: -.
  - **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
  - **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
  - **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
  - **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
  - **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

### **PWLB rates and Borrowing for capital expenditure.**

- Link's long-term (beyond 10 years), forecast for Bank Rate is 2.00%. As some PWLB certainty rates are currently below 2.00%, there remains value in considering long-term borrowing from the PWLB where appropriate. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive as part of a balanced debt portfolio. In addition, there are also some cheap alternative sources of long-term borrowing if an authority is seeking to avoid a "cost of carry" but also wishes to mitigate future re-financing risk.
- While Norfolk County Council will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves, there will be a *cost of carry*, (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances.
- Longer-term borrowing could also be undertaken for the purpose of certainty, where that is desirable, or for flattening the debt maturity profile.

### **Alternative source of borrowing**

- Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and non-HRA 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:
  - Local authorities (primarily shorter dated maturities out to 3 years or so)
  - Financial institutions (primarily insurance companies and pension funds but also some banks, based on spot or forward dates).
  - Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

### **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 2022-23 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 borrowing rates, then borrowings will be postponed.*

- *if it was felt that there was a significant risk of a much sharper RISE in borrowing 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**

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a very large difference between premature redemption rates and new borrowing rates, even though the general margin of PWLB rates over gilt yields was reduced by 100 bps in November 2020.

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 Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This section deals solely with treasury (financial) investments as managed by the treasury management team. Non-financial investments, essentially loans made for capital purposes, are covered in the Capital Strategy.

The Council's investment policy has regard to the following: -

- DLUHC'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 (return). The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to 12 months with high credit rated financial institutions.

The above guidance from the DLUHC 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 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. Transaction limits are set for each type of investment in 4.2.
  7. This authority will set a limit for its investments which are invested for **longer than 365 days**, (see paragraph 4.4).
  8. 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.
  9. 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.
  10. 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.
  11. As a result of the change in accounting standards for 2022-23 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund.
  12. 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 of this kind.

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. For instance, a negative rating Watch applying to counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

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.

| <b>UK Banks</b>    | <b>Fitch</b> | <b>Standard &amp; Poors</b> | <b>Moody's</b> |
|--------------------|--------------|-----------------------------|----------------|
| 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 opportunities.

**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**

Significant levels of downgrades to short- and long-term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, as economies are beginning to reopen, there have been some instances of previous lowering of Outlooks being reversed.

### **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 via its Link-provided Passport portal.

### 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.

The current forecast shown in paragraph 3.3, includes a forecast for a first increase in Bank Rate in December 2021 though there is a high risk that it could be delayed until quarter 1 or 2 of 2022.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year, (based on a first increase in Bank Rate in quarter 2 of 2022) are as follows:

| Average earnings in each year | Now   | Previously |
|-------------------------------|-------|------------|
| 2022/23                       | 0.50% | 0.25%      |
| 2023/24                       | 0.75% | 0.50%      |
| 2024/25                       | 1.00% | 0.50%      |
| 2025/26                       | 1.25% | 1.00%      |
| Long term later years         | 2.00% | 2.00%      |

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits, (overnight to 100 days), in order to benefit from the compounding of interest.

**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   | 2021-22 | 2022-23 | 2023-24 |
| Principal sums invested for longer than 365 days                 | £100m   | £100m   | £100m   |
| Current investments >365 days as at 31 December 2021             | £0m     | £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)/SONIA. The publication of official LIBOR and LIBID rates will cease at the end of 2021 to be replaced with SONIA. To facilitate the transition to the use of the Sterling Overnight Index Average (SONIA), the Bank of England began publishing the SONIA Compounded Index from 3 August 2020 to allow for the calculation of compounded interest rates.

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 2022-23

- 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 2022-23:
- 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 2021 the cumulative amount over-provided was £3.26m. The over-provision will be released in a phased manner in 2021-22, and is expected to be fully utilised.
  - 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 receipts 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+      |            |  |
| 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            | Santander UK    |
| Bank of Scotland Plc (*) | Lloyds Bank (*) |
| Close Brothers           | HSBC Bank Group |
| Goldman Sachs            |                 |

### Non-UK Banks

#### Australia:

Australia & New Zealand Banking Group  
Commonwealth Bank of Australia  
National Australia Bank Limited

#### Canada:

Bank of Montreal  
National Bank of Canada  
Toronto-Dominion Bank

#### Germany:

DZ Bank AG  
Landesbank Baden-Wuerttemberg  
Landesbank Hessen-Thuringen 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 | Nationwide BS |
| Leeds BS    | Yorkshire BS  |

### Money Market Funds

|                               |                |
|-------------------------------|----------------|
| Aberdeen Standard Investments | Aviva          |
| Federated Investors           | Northern Trust |

### UK Government

Debt Management Account Deposit Facility  
Sterling Treasury Bills  
Local Authorities, Parish Councils

### Other – Group companies (non-capital)

|                              |                          |
|------------------------------|--------------------------|
| The Norse Group              | Independence Matters CIC |
| Hethel Innovation Limited    | NCC Nurseries Limited    |
| Repton Property Developments |                          |

**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):

| <b>COUNTERPARTY</b>                              | <b>NCC LENDING LIMIT (£m)</b>               | <b>OTHER BODIES LENDING LIMIT (£m)</b>      | <b>TIME LIMIT</b>                            |
|--|---|---|--|
| <b>UK Banks</b>                                  | £60m  | £30m  | <b>Up to 3 Years</b><br>(see notes below)    |
| <b>Non-UK Banks</b>                              | £30m  | £20m  | <b>1 Year</b>                                |
| <b>Royal Bank of Scotland / Nat. West. Group</b> | £60m  | £30m  | <b>2 Years</b>                               |
| <b>Building Societies</b>                        | £30m  | £20m  | <b>1 Year</b>                                |
| <b>MMFs – CNAV</b>                               | £60m (per Fund)                             | £30m (per Fund)                             | <b>Instant Access</b>                        |
| <b>MMFs – LNAV</b>                               |   |   | <b>Instant Access</b>                        |
| <b>MMFs – VNAV</b>                               |   |   | <b>Instant Access</b>                        |
| <b>Debt Management Account Deposit Facility</b>  | Unlimited                                   | Unlimited                                   | <b>6 Months (being max period available)</b> |
| <b>Sterling Treasury Bills</b>                   | Unlimited                                   | Unlimited                                   | <b>6 Months (being max period available)</b> |
| <b>Local Authorities</b>                         | Unlimited (individual authority limit £20m) | Unlimited (individual authority limit £10m) | <b>3 Years</b>                               |
| <b>The Norse Group</b>                           | £15m  | Nil   | <b>1 Year</b>                                |
| <b>Hethel Innovation Limited</b>                 | £1.25m                                      | Nil   | <b>1 Year</b>                                |
| <b>Repton Property Developments Limited</b>      | £1.0m                                       | Nil   | <b>1 Year</b>                                |
| <b>Independence Matters CIC</b>                  | £1.0m                                       | Nil   | <b>1 Year</b>                                |
| <b>NCC Nurseries Limited</b>                     | £0.250m                                     | Nil   | <b>1 Year</b>                                |
| <b>Property Funds</b>                            | £10m in total                               | Nil   | <b>Not fixed</b>                             |
| <b>Ultra short dated bond funds</b>              | £5m in total                                | Nil   | <b>3 years</b>                               |
| <b>Corporate bonds</b>                           | £5m in total                                | Nil   | <b>3 years</b>                               |
| <b>Corporate bond funds</b>                      | £5m in total                                | Nil   | <b>3 years</b>                               |
| <b>UK Government Gilts / Gilt Funds</b>          | £5m in total                                | Nil   | <b>3 years</b>                               |

**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 Bank 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:

| <b>Long Term Credit Rating (Fitch or equivalent) assigned by at least one of the three credit rating agencies</b> | <b>Maximum Duration</b> |
|---|-------------------------|
| 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<br>£m   | 2020-21<br>Actual | 2021-22<br>Estimate | 2022-23<br>Estimate | 2023-24<br>Estimate | 2024-25<br>Estimate |
|---|-------------------|---------------------|---------------------|---------------------|---------------------|
| Adult Social Care   | 12.221            | 14.671              | 16.439              | 21.372              | 23.488              |
| Children's Services   | 49.216            | 50.210              | 64.282              | 44.085              | 38.257              |
| CES Highways  | 103.557           | 129.790             | 63.227              | 34.566              | 103.230             |
| CES Other   | 9.106             | 19.812              | 58.768              | 23.597              |                     |
| Finance and Comm. Servs   | 45.351            | 72.451              | 49.147              | 33.688              | -                   |
| Strategy and Governance   | 0.000             | 0.000               | 0.282               | 0.000               |                     |
| <b>Total</b>  | <b>219.451</b>    | <b>286.934</b>      | <b>252.146</b>      | <b>157.308</b>      | <b>164.975</b>      |
| Loans to companies<br>included in Finance and<br>Comm Servs above | <b>3.372</b>      | <b>10.428</b>       | <b>5.000</b>        | <b>5.000</b>        |                     |
| GNGB supported borrowing<br>to developers                         | <b>0.731</b>      | <b>1.148</b>        |                     |                     |                     |
| <i>Loans as a percentage</i>                                      | <i>2%</i>         | <i>4%</i>           | <i>2%</i>           | <i>3%</i>           |                     |

### Non-treasury investments – proportionality

The table above demonstrates that loans to companies and developers, as a percentage of all capital expenditure, are a relatively low proportion and therefore do not present undue risk in the context of the programme overall.

### Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

#### Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

| %                     | 2020-21<br>Actual | 2021-22<br>Estimate | 2022-23<br>Estimate | 2023-24<br>Estimate | 2024-25<br>Estimate |
|-----------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Financing costs (net) | 40.775            | 57.600              | 66.140              | 74.926              | 45.593              |
| Net revenue costs     | 744.557           | 733.818             | 784.689             | 788.209             | 808.189             |
| Percentage            | 5.48%             | 7.85%               | 8.43%               | 9.51%               | 5.64%               |

The estimates of financing costs include current commitments and budget proposals. The % increase between 2020-21 and 2021-22 represents MRP previously overpaid being utilised in 2020-21 and fully used by 2021-22.

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:

| <b>Maturity structure of fixed &amp; variable interest rate borrowing 2022-23</b> |              |              |
|---|--------------|--------------|
|   | <b>Lower</b> | <b>Upper</b> |
| 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 to 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 £855m (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 DLUHC 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:

|    | <b>Non Specified Investment Category</b>  | <b>Limit (£ or %)</b>                                   |
|----|---|---|
| a. | <p><b>Supranational bonds greater than 1 year to maturity</b></p> <p><b>(a) Multilateral development bank bonds</b> - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Reconstruction and Development Bank etc.).</p> <p><b>(b) A financial institution that is guaranteed by the United Kingdom Government</b> (e.g. National Rail, the Guaranteed Export Finance Company {GEFCO})</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p> | Not currently included as approved investment           |
| b. | <p><b>Gilt edged securities</b> with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>   | Ref Appendix 4  |
| c. | <p><b>The Council's own banker</b> if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.</p>  | Ref Appendix 4  |
| d. | <p><b>Building societies not meeting the basic security requirements under the specified investments.</b> The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings.</p>  | Not currently included as approved investment           |
| e. | <p>Any <b>bank or building society</b> that meets minimum long-term credit ratings, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).</p>  | Ref Appendix 4  |
| f. | <p><b>Share capital</b> in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. This Authority would seek further advice on the appropriateness and associated risks with investments in these categories.</p>   | Not currently included as approved treasury investment. |
| g. | <p><b>Loan capital</b> in a body corporate. The use of these loans to subsidiaries and other companies will normally be deemed to be capital expenditure. However, working capital loans are dealt with under Treasury Management arrangements. This Authority would seek further advice on the appropriateness and associated risks with investments in these categories.</p>  | Ref Appendix 4  |
| h. | <p><b>Bond funds.</b> These are specialist products, and the Authority will seek guidance on the status of any fund it may consider using.</p>  | Ref Appendix 4  |
| i. | <p><b>Property funds</b> – The use of these instruments can be deemed to be capital expenditure, and as such will be an application</p>   | 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 27 November 2021)**

*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 27 November 2021 approved countries and their applicable ratings include:*

### AAA

- Australia
- Canada
- Denmark
- 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.
- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities

- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following *(TM Code p54): -*
  - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
  - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*
  - *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*
  - *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*
  - *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

## Appendix 10: Non-treasury investments

### Existing non- treasury investments (loans) at 31 March 2021

| Loans   | £m            |
|---|---------------|
| NORSE Energy (capital investment)                 | 10.000        |
| Norse Group (capital investment)                  | 2.687         |
| Norse Group (Aviation Academy)                    | 5.867         |
| NEWS  | 0.318         |
| NorseCare   | 2.845         |
| Hethel Innovation Ltd (Hethel Engineering Centre) | 6.583         |
| Norwich Airport Radar (relocation due to NDR)     | 2.194         |
| Repton Property Developments Limited              | 1.800         |
| LIF loans to developers in Norfolk                | 4.611         |
| <b>Total loans to companies</b>                   | <b>33.626</b> |
|   |               |
| NDR Loan – underwritten by CIL receipts           | 34.501        |
|   |               |
| <b>Total long-term debtors in balance sheet</b>   | <b>71.407</b> |

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 2021-22 presented to 6 December 2021 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 | <p><b>Repton Property Developments</b><br/>The company is developing land north of Norwich Road Acle surplus to County Council, as well as other appropriate surplus land holdings.</p> <p><b>Other projects</b><br/>From time to time the Council's wholly owned companies further the Council's objectives through capital investments. This facility is included in the capital programme.</p> | £30m 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.

# Scrutiny Committee

Item No: 9

**Report Title: Scrutiny Committee Forward Work Programme**

**Date of Meeting: 16 February 2022**

**Responsible Cabinet Member: None**

**Responsible Director: Director of Governance**

## Executive Summary

This paper sets out the current forward work programme for the Scrutiny Committee, outlining committee dates and items for consideration through to March 2022.

## Recommendations

Members of the committee are asked to:

1. Note the current Scrutiny Committee forward work programme and discuss potential future items for consideration.

## 1. Background and Purpose

- 1.1 Members agreed a forward programme of work at the meeting of the Scrutiny Committee on the 21 July 2021.
- 1.2 The work programme attached is amended frequently to better reflect officer pressures and changes to the Cabinet forward plan of decisions.
- 1.3 All topics are subject to change, with the committee remaining flexible to ensure the ability to adapt to emerging and urgent topics for consideration.
- 1.4 Members are advised that a further work programming session will be scheduled for May 2022, following the Full Council AGM.

## 2. Proposal

- 2.1 Members are asked to note the attached forward programme of work (**Appendix A**) and discuss potential further items for consideration.

## 3. Impact of the Proposal

- 3.1 Maintaining the proposed work programme will ensure that the Scrutiny Committee has a full schedule of work, and officers are well prepared to present to the committee.

## **4. Financial Implications**

- 4.1 None

## **5. Resource Implications**

### **5.1 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.

### **5.2 Property:**

None

### **5.3 IT:**

None

## **6. Other Implications**

### **6.1 Legal Implications:**

None

### **6.2 Human Rights Implications:**

None

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

None

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

None

## **6.5 Health and Safety implications (where appropriate):**

None

## **6.6 Sustainability implications (where appropriate):**

None

## **6.7 Any Other Implications:**

None

## **7. Risk Implications / Assessment**

7.1 None

## **8. Select Committee Comments**

8.1 None

## **9. Recommendations**

Members of the Scrutiny Committee are asked to:

1. Note the current Scrutiny Committee forward work programme and discuss potential future items for consideration.

## **10. Background Papers**

10.1 **Appendix A** – Scrutiny Committee Forward Programme of Work

### **Officer Contact**

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

**Officer name:** Peter Randall

**Telephone no.:** 01603 307570

**Email:** [peter.randall@norfolk.gov.uk](mailto:peter.randall@norfolk.gov.uk)



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## Scrutiny Committee Forward Work Programme

| Date     | Report  | Further notes/Comments                                  | Better Together for Norfolk - Strategic Goal(s)*  | Cabinet Member                              | Exec Director   |
|----------|---|---|---|---|---|
| 16/02/22 | Norfolk County Council Budget 2022-23           | Standard items as part of annual budget setting process | <ul style="list-style-type: none"> <li>- A Vibrant and Sustainable Economy</li> <li>- Better Opportunities for Children and Young People</li> <li>- Healthy, Fulfilling and Independent Lives</li> <li>- Strong, Engaged and Inclusive Communities</li> <li>- A Greener, More Resilient Future</li> </ul> | Andrew Jamieson, Cabinet Member for Finance | Simon George, Executive Director for Finance and Commercial Services. |
|          | Norfolk County Council Revenue Budget 2022-23   |   |   | Andrew Jamieson, Cabinet Member for Finance | Simon George, Executive Director for Finance and Commercial Services. |
|          | Capital Strategy and Programme 2022-23          |   |   | Andrew Jamieson, Cabinet Member for Finance | Simon George, Executive Director for Finance and Commercial Services. |
|          | Annual Investment and Treasury Strategy 2022-23 |   |   | Andrew Jamieson, Cabinet Member for Finance | Simon George, Executive Director for Finance and                      |

|                 |   |  |   |  |   |
|-----------------|---|--|---|--|---|
|                 |   |  |   |  | Commercial Services.  |
| <b>23/03/22</b> | Six Month Review of Performance Review Panels | Agreed by the Scrutiny Committee at the meeting held on 21 July 2021   | <ul style="list-style-type: none"> <li>- Better Opportunities for Children and Young People</li> <li>- Healthy, Fulfilling and Independent Lives</li> </ul> | Cllr Bill Borrett,<br>Cabinet Member for Adult Social Care, Public Health and Prevention<br>&<br>Cllr John Fisher,<br>Cabinet Member for Children's Services | James Bullion,<br>Executive Director for Adult Social Care<br>&<br>Sarah Tough,<br>Executive Director for Children's Services |
|                 | NALEP - Update on Economic Renewal Strategy   | Requested at the meeting of the Scrutiny Committee on the 22 September | <ul style="list-style-type: none"> <li>- A Vibrant and Sustainable Economy</li> </ul>   | Cllr Graham Plant,<br>Deputy Leader and Cabinet Member for Growing the Economy   | Tom McCabe,<br>Executive Director for Community and Environmental Services  |
|                 | Children's Mental Health Services             | Update to committee  | <ul style="list-style-type: none"> <li>- Better Opportunities for Children and Young People</li> <li>- Healthy, Fulfilling and Independent Lives</li> </ul> | Cllr John Fisher,<br>Cabinet Member for Children's Services  | Sara Tough,<br>Executive Director for Children's Services   |

\*The '**Better Together for Norfolk – County Council Strategy 2021-25**' outlines five strategic priorities. These are:

- *A Vibrant and Sustainable Economy*
- *Better Opportunities for Children and Young People*

- *Healthy, Fulfilling and Independent Lives*
- *Strong, Engaged and Inclusive Communities*
- *A Greener, More Resilient Future*

*When scheduling items for the work programme the committee should consider, where applicable, the item contributes to the above strategic goals and overall delivery of the County Council's strategy for 2021-25.*

**Issues to be considered for addition to work programme:**

- Better Together for Norfolk – Corporate Strategy
- Implementation of New Technology in Adult Social Care
- Onshore Renewable Energy
- Waste Disposal
- Quality of Care & Care Market in Norfolk
- Norfolk Rural Strategy 2021-24
- Local Transport Plan
- Social Value in Procurement (pending review of the Cawston Park SAR at the Norfolk HOSC).
- People with Disabilities – Engagement and Charging Policy
- Update on Flood Prevention Activity
- Monitoring of NCC Environment Policy – Development of Digital Dashboard
- County Farms – update on actions following committee