

# Cabinet

Date: **8 November 2021**

Time: **10:00am**

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

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

### **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/UCdyUrFjYNPq5psa-LFIJA/videos?view=2&live\\_view=502](https://www.youtube.com/channel/UCdyUrFjYNPq5psa-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](#).

### **17. Strategic and Financial Planning 2022-23**

**(Page A3)**

Report by the Executive Director of Finance and Commercial Services

**Tom McCabe**  
**Head of Paid Service**

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Martineau Lane  
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# Cabinet

Item No: 17

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

**Date of meeting: 08 November 2021**

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

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

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

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

## **Introduction from Cabinet Member**

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

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

Although it is to be welcomed that Government in September published an outline of its [plans to reform social care](#), it remains a vital concern that most of the additional funding within the package will not be available to local government (as the NHS has been prioritised in the first three years), and this has been confirmed in the Spending Review. In addition, other key reforms to local government funding including the Fair Funding Review, and reforms to Business Rates retention / localisation have been

repeatedly delayed. With no mention of these being made at the Autumn Budget, it appears likely that they will be postponed again beyond 2022-23.

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

## **Executive Summary**

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

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

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

## **Recommendations:**

- 1. To consider and comment on the County Council strategy as set out in section 2 and how the Budget process is aligned to the overall policy and financial framework;**
- 2. To consider the potential implications of Government announcements about Social Care, the considerable uncertainty remaining in respect of**

these, which may result in additional cost pressures in the medium to longer term, and agree that these should be reflected, where possible, in the 2022-23 Budget;

3. To consider the latest details of announcements made at the Spending Review 2021 and Autumn Budget 2021, and note that the outcome of these national funding announcements, alongside the Local Government Finance Settlement, will have potentially significant impacts on the 2022-23 Budget position, which will not be fully known until later in the process;
4. To consider and agree for planning purposes the latest assessment of significant areas of risk and uncertainty around emerging budget pressures for the 2022-23 Budget and Medium Term Financial Strategy, which remain to be resolved and which may have a material impact on budget planning (paragraph 13.4);
5. To confirm that Cabinet's intention is to seek, as planned, a total council tax increase of 2.99% for 2022-23 made up of 1.99% general council tax and 1.00% adult social care precept deferred from 2021-22;
6. To direct Executive Directors to seek to identify further recurrent savings of £5.000m and to report to Cabinet in January 2022;
7. To agree to undertake a full review of how the Council operates to deliver its future services and strategy;
8. To have regard to the Executive Director of Finance and Commercial Services' advice about the sustainability of the Medium Term Financial Strategy position (section 13), noting the wider uncertainty about funding levels and cost pressures for 2022-23 and 2023-24, and therefore to agree to consult the public on a range of council tax increases including the maximum increase available within the referendum threshold, in order to provide Full Council with the scope to use the full range of Council Tax flexibility, if required, when setting the 2022-23 Budget in February 2022;
9. To consider and agree the proposed savings as set out in sections 7-12 (tables 5-10) to be taken forward in budget planning for 2022-23, subject to final decisions about the overall Budget in February 2022, noting the level of savings already included from the 2021-22 Budget process (table 2);
10. To agree that public consultation (as set out in section 5) and equality impact assessment (as set out in section 21) be undertaken on the 2022-23 Budget and saving proposals as set out in sections 7-12 (tables 5-10), and the level of council tax and Adult Social Care precept for 2022-23, as set out in section 14 and table 11;

- 11. To note the responsibilities of the Executive Director of Finance and Commercial Services under section 114 of the Local Government Act 1988 and section 25 of the Local Government Act 2003 to comment on the robustness of budget estimates as set out in section 13, and having regard to the level of savings required for 2023-24, to direct Officers to bring forward proposals to support early development and identification of saving proposals for 2023-24 with a focus on transformational activity;**
- 12. To agree the proposed next steps in the Budget planning process for 2022-23, and the remaining Budget planning timetable (Appendix 1); and**
- 13. To note and thank Select Committees for their input into the Budget development process for 2022-23 in July, and to invite Select Committees to comment further on the detailed saving proposals set out in this report when they meet in November 2021 (section 23).**

## **1. Background and Purpose**

- 1.1. The County Council agreed the 2021-22 Budget and Medium Term Financial Strategy (MTFS) to 2024-25 at its meeting 22 February 2021. This report provides an update on the developing 2022-23 Budget and associated MTFS. To inform discussion of the budget position it also:
  - Provides an initial summary of announcements made at the Spending Review 2021 and Autumn Budget.
  - Summarises the latest position in relation to some of the significant uncertainties facing local government finances as a result of COVID-19 and other issues.
  - Sets out details of risks to the MTFS position for 2022-23 onwards. This position will continue to be kept under review and updated throughout the remainder of the Budget process.
  - Provides an overview of some of the key issues facing services in relation to their financial strategy, pressures, risks and uncertainties and details the saving proposals identified by each Service in order to contribute to meeting the targets agreed by Cabinet in July.
- 1.2. This report represents the next important stage in the Council's 2022-23 Budget setting process and brings together a range of information, to enable Cabinet to consider the emerging saving proposals and to agree the approach to public consultation and equality impact assessments for 2022-23. Ultimately, it is intended to support the Council in developing the 2022-23 Budget and considering savings proposals which will assist in delivering a balanced budget for the year.
- 1.3. The content of the report is based on circumstances that are changing frequently and therefore some areas may become superseded by new information on an ongoing basis.

## 2. Strategic Context

### COVID-19

- 2.1. Over the past 18-months, COVID-19 has presented local government with new and unprecedented challenges, and Norfolk County Council has taken a leading role in the ongoing local response, working in partnership with national government and local partners to meet community needs.
- 2.2. Some of the main issues we faced before COVID-19 have been exacerbated, including population changes, social, economic and health inequalities, rising demand for services and support, workforce challenges in key sectors such as the care market, funding reductions and constraints.
- 2.3. Whilst the country moves into a process of recovery, challenges arising from COVID-19 continue, and responding to this effectively and helping individuals, communities, and businesses to recover is critical.

### Policy context

- 2.4. The Government's plans for building back better post-COVID, aims to:
  - support growth through investment in infrastructure and connectivity, skills and innovation;
  - level up the whole of the UK;
  - deliver world leading health and social care;
  - support the transition to net zero; and,
  - strengthen the vision of a Global Britain.
- 2.5. The Government plans to introduce a Levelling Up White Paper this year. For us, levelling up is about creating the conditions for people to have good and healthy lives, regardless of who they are or where they live. It is about removing discrimination and barriers to equal lives, and enabling all people to participate in their communities. And it is about ensuring that Norfolk claims its fair share of investment to drive growth and prosperity, and is not left behind. County councils are expected to play a leading role in delivering these better outcomes, and we are keen to pursue the prize of a deal with government, drawing together a county wide strategic plan with partners to leverage more money and powers into the county, for the benefit of the county.
- 2.6. A Health and Care Bill laid before Parliament in July 2021 brings the opportunity to shape a joined-up health, wellbeing and social care system to improve the health and wellbeing of communities, alongside tackling inequalities. In September 2021, the Prime Minister introduced further plans for health and social care, announcing a new Health and Social Care Levy and reforms to the way social care is charged. The pandemic has reinforced the need for a long-term plan for social care and these announcements are an important step towards changing the way social care is funded and paid for. Whilst we await

further information on funding allocations to local government and the forthcoming Social Care White Paper, due in Autumn 2021, which will set out further detail on the proposed reforms to social care, our ambition is to strengthen the council's role in the integrated care system and embed prevention across all our strategies.

- 2.7. The UK Government has published its net zero strategy, introduced a legally binding target to reduce greenhouse gas emissions to net zero by 2050, outlined a 10-point plan for a Green Industrial Revolution, and an Environment Bill is currently making its way through parliament. Councils will play a crucial role in translating these national climate ambitions into transformative action.

## **County Council Strategy and Transformation**

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

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

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

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

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

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

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



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

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

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

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

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

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

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<sup>1</sup> <https://www.gov.uk/government/news/chancellor-launches-vision-for-future-public-spending>

<sup>2</sup> <https://www.gov.uk/government/publications/build-back-better-our-plan-for-health-and-social-care>

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detail to understand how this will be distributed and whether it will be adequate to cover the associated cost pressure.

- 3.5. In the short (and potentially longer) term, most of the funding will go to the NHS but £5.4bn over the three years has been committed for social care to fund reforms. Further details were provided in the Autumn Budget and are set out below.
- 3.6. Government intends to consult on funding distribution and charging reforms. In spite of these recent announcements, significant uncertainty remains, particularly around funding levels for 2022-23 and the longer term share of funding between social care and health. Significantly, the Build Back Better plan set out that Government expects that “*demographic and unit cost pressures*” will be met “*through council tax, social care precept, and long-term efficiencies*.”<sup>3</sup> This is a key issue which requires funding, and each year broadly represents an £18-20m cost pressure for Norfolk.
- 3.7. The Chancellor [announced](#) the outcome of SR21 alongside the Autumn Budget 2021 on 27 October.<sup>4</sup> At the time of writing this report, the key financial headlines for local authorities and initial budget implications identified for Norfolk County Council include:
- SR21 has set out details of departmental allocations for the period 2022-23 to 2024-25. This may provide the Department for Levelling Up, Housing and Communities (DLUHC) with scope to set out a long term Local Government finance settlement covering the same time period. The Autumn Budget and Spending Review 2021 document states: “*SR21 provides a multi-year settlement to enable local authorities to support the ambition to level up communities across the country, with an estimated average real-terms increase of 3% a year in core spending power*.”<sup>5</sup>
  - SR21 confirms that £5.4bn of funding for adult social care reform is being provided from the changes to national insurance announced as part of the Build Back Better plan. **SR21 sets out that £3.6bn of this will be routed to Local Authorities** as part of the settlement to implement the cap on personal care costs and changes to the means test, and “*support local authorities to better sustain their local care market by moving towards a fairer cost for care. Further detail will be set out by the government in due course*.”<sup>6</sup> It appears that the £3.6bn will be heavily weighted towards 2023-24 and 2024-25 in line with the timing of the associated reforms. The remaining funding of £1.7bn is held within the Department of Health and

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<sup>3</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>

<sup>4</sup> <https://www.gov.uk/government/publications/autumn-budget-and-spending-review-2021-documents>

<sup>5</sup> *Autumn Budget and Spending Review 2021*, paragraph 2.30, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1028814/Budget\\_AB2021\\_Web\\_Accessible.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1028814/Budget_AB2021_Web_Accessible.pdf)

<sup>6</sup> *Autumn Budget and Spending Review 2021*, paragraph 4.56

Social Care (DHSC) budget to be deployed over three years *“to improve the wider social care system, including the quality and integration of care. At least £500 million of this will be allocated to improve qualifications, skills and wellbeing across the adult social care workforce.”*<sup>7</sup> It is important to note that **this funding will have significant additional cost pressures associated with it.** These remain to be fully understood as the Government provides further details. The distribution methodology for the funding is also unknown at this stage.

- SR21 provides £4.8bn of “new grant funding”, which will be distributed as £1.6bn in each of the next three years. This is in addition to the funding to implement social care reform. The document states that this funding *“ensures the government can reform social care, increase investment in supporting vulnerable children and enable local authorities to continue to provide the other local services that people rely on.”*<sup>8</sup> Some of this funding is earmarked for specific initiatives (including £200m for supporting families, £37.8m for cyber resilience) leaving an estimated £1.5bn to be distributed to Local Authorities in the settlement each year. It is unclear at this stage how the £1.5bn will be distributed including what proportion will be allocated for social care specifically and on what basis. This could have a material impact on the amount received by Norfolk. Further details are awaited but from Government announcements so far, this is expected to bring in additional funding for the Council. Two areas of concern that need to be recognised are::
  - SR21 indicates a front loaded uplift in funding of £1.5bn in 2022-23 but no further increases in this funding for the remainder of the period. This would imply that cost pressures from 2023-24 onward will need to be met entirely through council tax increases (within the 3% threshold), and cost savings. In other words, the funding of £1.5bn will be repeated each year until 2024-25 but will not be increased. The sustainability of this, and longer term implications, will need to be reviewed when details are published at the Settlement.
  - SR21 appears not to include any separate funding to meet the cost pressure of the national insurance increase / health and social care levy of 1.25%. It is understood that this is to be covered by the “new grant funding” and represents a cost of approximately £3m to the Council which will erode some of the uplift in funding which ultimately flows through.
- SR21 confirms that the core council tax referendum threshold is expected to remain at 2% per year over the period. In addition, local authorities with social care responsibilities are expected to be able to increase the adult social care precept by up to 1% per year to 2024-25.<sup>9</sup> This is understood to be a new precept flexibility which would be distinct from any scope for a

<sup>7</sup> *Autumn Budget and Spending Review 2021*, paragraph 4.8

<sup>8</sup> *Autumn Budget and Spending Review 2021*, paragraph 2.31

<sup>9</sup> *Autumn Budget and Spending Review 2021*, paragraph 4.59

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deferred increase in the precept from 2021-22 which individual authorities may have (the County Council deferred 1%).

- While the [Chancellor's speech](#) acknowledged that the “*Budget does not draw a line under Covid; we have challenging months ahead*,”<sup>10</sup> there was no new funding for 2022-23 announced for any additional COVID-19 pressures within local government.
- The Budget included a number of other funding announcements with implications for local authorities (reference to Autumn Budget document in brackets), including:
  - Public Health grant will be maintained in real terms “*enabling local authorities to invest in prevention and frontline services like child health visits*” (4.7)
  - Children’s Services:
    - £560 million in youth services in England over the next three years (2.129)
    - £500 million over the next three years to transform ‘Start for Life’ and family help services in half of the council areas across England. This will include £18 million in 2024-25 to create a network of family hubs to improve access to services for families, £20 million in 2024-25 for parenting support (4.14) and an extra £200m in the Supporting Families programme. (2.130)
    - £170 million by 2024-25 to increase the hourly rate to be paid to early years providers, to deliver the government’s free hours offers. (4.14)
  - Schools and education:
    - An additional £4.7 billion by 2024-25 for the core schools’ budget in England, over and above the SR19 settlement for schools in 2022-23. (2.20)
    - A new package of £1.8 billion over the SR period for education recovery. This includes a £1 billion Recovery Premium for the next two academic years to help schools to deliver evidence-based approaches to support the most disadvantaged pupils. It also provides £324 million in 2024-25 for additional learning hours for 16-19 year-olds.
    - The holiday activities and food programme will also continue to receive funding of around £200 million a year. (4.57)
    - The government is increasing capital investment to create 30,000 school places for children with special educational needs and disabilities (SEND) in England with £2.6 billion over the SR21 period. (2.21)
    - There was no announcement in relation to addressing accumulated Dedicated Schools Grant deficits.
  - Employment and skills:

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<sup>10</sup> <https://www.gov.uk/government/speeches/autumn-budget-and-spending-review-2021-speech>

- The government will raise government spending on skills and training by £3.8bn over the parliament, an increase of 42%. This will be used to expand access to high-demand Level 3 courses and Skills Bootcamps; invest £2.8 billion of capital investment in skills; and increase apprenticeship funding, including extending the £3,000 apprenticeship hiring incentive until 31 January 2022 (2.92)
- The government will cut the taper rate on Universal Credit (effectively, how much UC payment a claimant receives as they earn from work) from 63% to 55%. (2.94)
- The government will launch a UK-wide numeracy service called Multiply which will help 500,000 adults improve their numeracy. (2.55)
- Infrastructure and housing:
  - £21bn on roads and £46bn on railways to improve journey times between cities.
  - £2.7 billion over the next 3 years for local roads maintenance. (4.64)
  - Reconfirms £11.5bn to build up to 180,000 new affordable homes. This includes a previously announced £1.8 billion to deliver new homes on 15,000 hectares of brownfield land. (2.132)
  - £1.7bn of funding in the first grants from the Treasury's Levelling Up Fund, for towns and cities including Stoke-on-Trent, Leeds, Doncaster and Leicester. (2.144)
  - Continuing the £5 billion investment in Project Gigabit to support the rollout of gigabit capable broadband in hard-to reach areas across the whole of the UK. The government will also provide £180 million over the next three years as part of its £500 million investment in the Shared Rural Network, to deliver 4G mobile coverage to 95% of the UK. (3.35)
  - £639 million resource funding by 2024-25, a cash increase of 85% compared to 2019-20 as part of the government's commitment to end rough sleeping. (2.26)
  - In Norfolk:
    - £39 million of investment for Norwich, including funding for a new mobility hub at Norwich Rail Station through the Transforming Cities Fund (pre-existing commitment)
    - Land Release Fund: £2.3 million towards the 'Heart of Greenstead' regeneration project in Colchester; and almost £860,000 towards the Middlegate Estate in Great Yarmouth (pre-existing commitment).
    - £2.6 billion (nationally) for local road upgrades over this Parliament including the Great Yarmouth Third Crossing, A140 Long Stratton Bypass in Norfolk as well as the Lake Lothing Third Crossing in Suffolk (pre-existing commitment).

- £24 billion (nationally) for strategic roads investments including the A428 Black Cat to Caxton Gibbet and six A47 dualling and upgrade schemes (pre-existing commitment).
- In relation to Business Rates, the government has published the [final report](#) as part of the Fundamental Review of Business Rates. The Chancellor announced:
  - A number of new reliefs including a freeze in the multiplier in 2022-23; and a further 50% discount for retail, hospitality, and leisure businesses in 2022-23. SR21 confirms local authorities will be fully compensated for all measures announced in the review. (4.61)
  - A shift to more frequent revaluations taking place every three years starting in 2023.
- Some of the announcements made at SR21 are likely to give rise to additional cost pressures for local authorities. Aside from the significant risks and pressures associated with social care reform detailed above, these include:
  - The impact of the ending of the public sector pay freeze “*as the recovery in the economy and labour market allows a return to a normal pay setting process.*” (1.83). While not directly impacting local government pay awards, wider public sector pay increases are likely to put further pressure on local government pay negotiations.
  - A 6.6% increase to the National Living Wage (NLW) from £8.91 to £9.50 an hour, starting on 1 April 2022 (2.96). In broad terms every 1p increase equates to a £0.200m pressure for Adult Social Care via increased provider costs. Increases in the NLW therefore represent a major driver of the council’s cost pressures which will need to be met through the additional grant funding, council tax, or savings.
  - SR21 included Office for Budget Responsibility (OBR) forecasts for inflation (CPI) to run at 4% in 2022 before dropping back to around 2% by 2025. The Council’s current budget planning assumes CPI of 2% and increases represent a material pressure.

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

## 4. Medium Term Financial Strategy and key assumptions

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

- COVID-19 pressures cease after 2021-22;
- 2021-22 funding levels continue in 2022-23 (excluding COVID-19 funding);

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

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

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

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

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

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

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

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

## **5. Proposed consultation process for 2022-23 budget**

5.1. The Medium Term Financial Strategy for 2022-23 agreed in February 2021 assumed that core council tax will increase overall by 1.99%, and that the Adult Social Care precept will be increased by 1% (reflecting the deferred increase from 2021-22). The report also set out that if the referendum threshold were increased in the period 2022-23 to 2024-25 to above 1.99%, or any further discretion were offered to increase the Adult Social Care precept (or similar), then it is likely that the Section 151 Officer would recommend the council take full advantage of any flexibility in view of the council's overall financial position.

5.2. As part of the Spending Review 2021 (SR21) announcement 27 October, the Chancellor set out the expectation that for each year of the SR21 period, a

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

- 5.3. We will publish our budget consultation, including details of all new saving proposals for 2022-23 on the Council's online consultation hub, Citizen Space. We will produce large print, downloadable and easy read versions as standard and make any consultation documents available in other formats on request.
- 5.4. As well as alerting key stakeholders to the consultation, we will promote opportunities for people to have their say on budget proposals and council tax through news releases, online publications and social media. We will also be sharing our consultation with members of the Norfolk Residents' Panel and inviting parish councils to a webinar where they can find out more about our proposals and invite them to provide feedback.
- 5.5. Our consultation will take place in the autumn. Consultation feedback on both budget proposals and council tax will be available for Cabinet in January 2022 and Full Council in February 2022. We will make extra effort to find out the views of people who may be affected by our proposals, including people with protected characteristics.
- 5.6. We will also report on the findings of the equality impact assessments we are undertaking. For information about this please see Section 21.

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

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

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

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

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

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

## **7. 2022-23 Budget proposals - Adult Social Services**

### **Financial Strategy**

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

robust plan to manage the pressures being experienced by Adult Social Services.

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

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

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

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

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

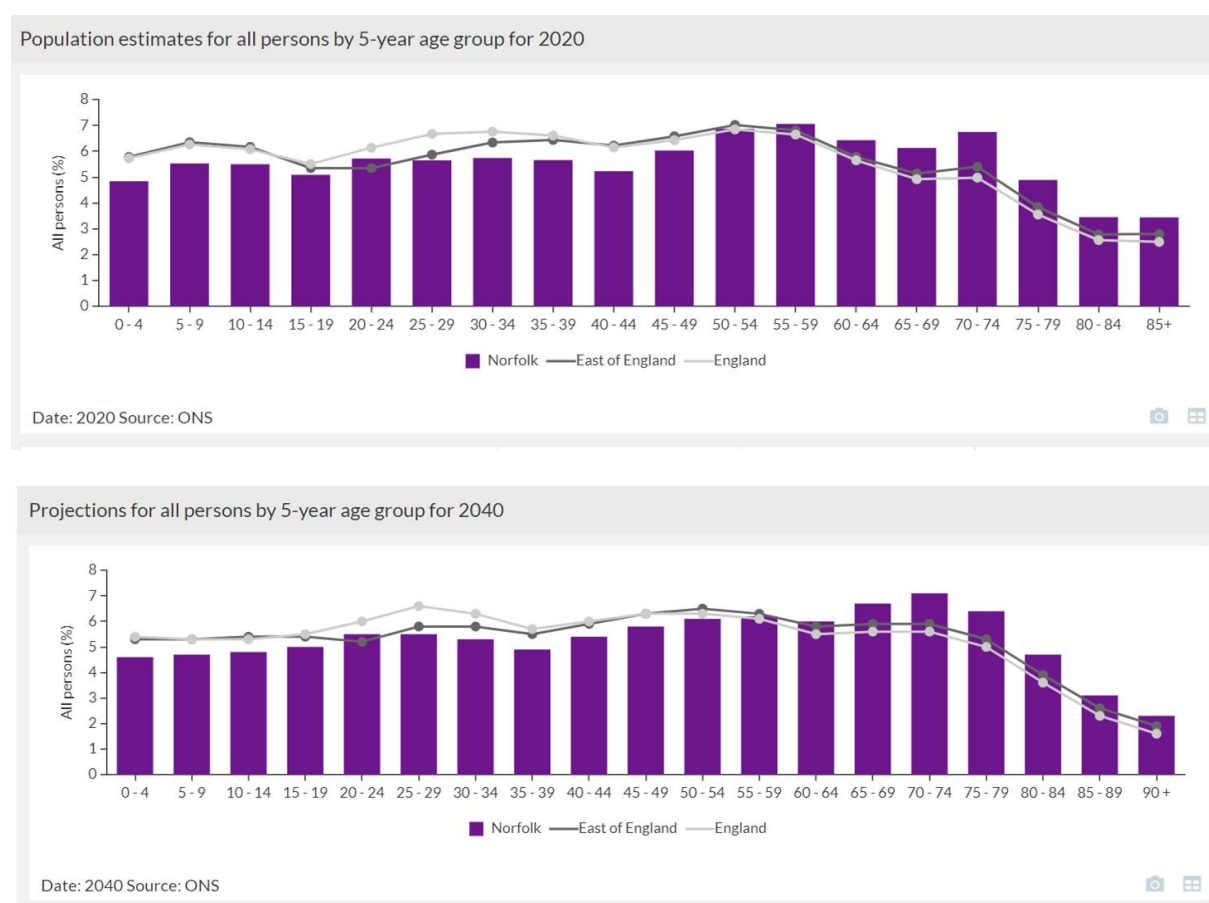
7.5. In order to meet these duties, NCC commits resource to undertake both annual reviews of our care fee levels, but also a wider programme of engagement with our care providers to understand the changing cost of Norfolk Care. Never

before has our care markets seen such uncertainty in the demand for, and cost of, its provision of care. national shortages of care staff have equally been applicable in Norfolk, with specific capacity constraints in key markets. Recognising the current wage structure of these markets, we must note the Chancellor's recently announced movement in the National Living Wage, which moves the minimum hourly rate for over 23 year olds from £8.91 to £9.50 from April 2022. Furthermore, inflation on costs, as indicated by the Office of Budget Responsibilities (OBR) Consumer Price Index (CPI), continue to increase. For 22/23 our budget is proposed to recognise any required fee uplifts to continue to meet the broader duties outlined above. A standalone report will be taken to the January 2022 Cabinet meeting to outline the specific details of our proposed fee structure for the upcoming year.

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

- 7.6. The other key element of budgetary pressure relating to Adult Social Care is the demand for its services.
- 7.7. It is widely recognised, and indicated by both the following [Norfolk Insight](#) graphics and [Institute of Public Care](#) population projections, that the demography of Norfolk represents a higher proportion of Adults over the age of 65 than both the East of England and National averages.

**Figure 1: Population estimates by age, 2020 and 2040**



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

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

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

require continues to rise with underlying complexity of care increasing year on year. We recognise this in our budget by providing for an underlying growth in our care budgets.

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

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

### ***Promoting Independence Strategy***

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

## Promoting Independence: Living Well and Changing Lives



7.12. We know our Promoting Independence approach has helped, and will continue to help, the service to deliver the significant financial savings needed to continue to meet the increasing demands for social care across Norfolk. Within the overall strategy, our specific financial strategy for achieving savings and financial sustainability is focussed on:

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

- **Maximising value for money:** Continuing to get the basics right by using our resources to their full extent, questioning and challenging ourselves in areas of improvement, reducing inefficiencies and strengthening the contract management of our commissioned contracts to ensure we both get, and utilise, what we are paying for.

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

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

## **Saving proposals 2022-23**

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

- Continue to build and realise the financial benefits of 2800 new units of Independent Living (Extra Care) housing, moving into the 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 they enhances how we support people when they first contact us.



- Continue to work closely with people with Mental Health and Learning Disabilities to reshape our services, and review their care needs, in order to enable them to lead the lives they want to live and live-in places they can call home.
- Work with the NHS to provide shared, and equitably funded, services when its appropriate to do so.
- Increasing the scale to which we provide Direct Payments, where its an appropriate choice in meeting needs and is cost effective to do so.
- Use the talent and skills of our therapists to review existing, or potential, care packages, that require the attendance of two care workers, to see if opportunities exist to support the care provider and enable the care package to be delivered with only one carer.

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

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
ASS-22-23-001	<b>Recognising additional benefits from our existing savings programme.</b> 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	<b>-1.665</b>
ASS-22-23-002	<b>Delivering a saving through an accelerated Supported Housing Programme.</b> 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	<b>-1.600</b>
ASS-22-23-003	<b>Recognising additional benefits from our existing savings programme.</b> 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	<b>-1.000</b>
ASS-22-23-004	<b>Recognising additional benefits from our existing savings programme.</b> 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	-2.000	-1.500	-2.000	0.000	<b>-5.500</b>

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
	pathway and help their care needs before they escalate.					
ASS-22-23-005	<b>Improving market utilisation and delivering efficiencies.</b> 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	<b>-4.000</b>
ASS-22-23-006	<b>Learning Disabilities transformation.</b> 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	<b>-4.000</b>
ASS-22-23-007	<b>Mental Health Care Model Review.</b> 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	<b>-0.250</b>
ASS-22-23-008	<b>Expansion of Self Directed Support.</b> Delivering a saving by utilising more Direct Payments rather than commissioned services, particularly when Direct Payments offer individuals more choice and are cost effective.	-0.100	-0.100	-0.100	0.000	<b>-0.300</b>
ASS-22-23-009	<b>Use of ASC reserves.</b> One-off release of reserves to offset budget pressures.	-3.000	3.000	0.000	0.000	<b>0.000</b>
ASS-22-23-010	<b>Bad debt reduction.</b> Increased recovery of debt leading to less bad debt write-off.	-0.300	0.000	0.000	0.000	<b>-0.300</b>
ASS-22-23-011	<b>Recruitment and Retention Strategy.</b> Delivering a saving by having a targeted approach to recruitment and retention.	-0.100	0.000	0.000	0.000	<b>-0.100</b>
ASS-22-23-012	<b>Double up care reviews.</b> 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	<b>-0.400</b>
		<b>-12.440</b>	<b>-2.975</b>	<b>-3.700</b>	<b>0.000</b>	<b>-19.115</b>

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

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## Financial Strategy

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

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

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

8.3. Key financial drivers experienced by the service are:

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

8.4. We know that the pandemic has had a significant impact on children, families as well as our services and those of our partners. Norfolk has seen a persistent increase in demand for Family Support resulting from the impact of the pandemic, which has placed those teams under significant pressure. More recently, we have also seen an increase in the number of children looked after and increase in the cost of care for children over recent months, with the longer-

term impact of the pandemic beginning to be seen. The situation remains highly uncertain and, whilst attempts have been made to financially plan for these circumstances, the situation is fluid and is likely to continue to be so into 2022-23.

- 8.5. Additionally, a range of other, less obvious, impacts on demand have been identified, including hidden need, trauma, and economic factors. It is hard to know what the experiences of children will have been during lockdown and how that will play out in the medium to longer term. Some key external markets are also under major strain, for example transport, early years, the voluntary sector as well as care. This includes some specialist provision from external providers that has been reduced during the pandemic and, in some cases, on an ongoing basis, to ensure that they are 'COVID secure.' That, alongside lengthy absences from school-based educational provision, may result in additional demand.
- 8.6. As a result of the pandemic, the expectations upon the Council with respect to its leadership role within the whole education sector in Norfolk has significantly changed. This has led to staff being redeployed to support the significantly increased workload, with major disruption to the normal work of some staff. It is still not clear what the Government's expectations are of local authorities with respect to support and leadership to the education sector in the medium-to-long-term, and so a 'watching brief' will be kept.
- 8.7. The core strategy and transformation approach is an ongoing programme of work for the service with work ongoing to enable the identification of further new initiatives that could deliver substantial transformation. The service has continued to drive this work forward, including increasing strategic partnership working that is generating and driving system change in Norfolk that, as the County Council alone, could not be delivered.
- 8.8. The services' core financial strategy for achieving savings is on an invest to save basis that aligns with this strategic approach, enabling the service to respond to the changing needs within communities and the current and future financial challenges by developing innovative new approaches, in particular:
- Prevention, early intervention and effective social care – investing in an enhanced operating model which supports families to stay together and ensures fewer children need to come into care;
  - Alternatives to care – investing in a range of new services which offer alternatives to care using enhanced therapeutic and care alternatives, combined with a focus on support networks from extended families keeping families safely together where possible and averting family crises; and
  - Transforming the care market and creating the capacity that we need – creating and commissioning new care models for children in care – achieving better outcomes and lower costs.

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

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

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

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

8.11. Children's Services saving proposals for 2022-23 are extensions of our existing programme of work, complementing, and in addition to, the savings already within the 2021-24 MTFS. The proposals comprise of individual but

related projects that, together, will continue to deliver significant transformation needed to provide financial sustainability as well as to deliver financial savings:

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

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

**Alternatives to care:**

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

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

- Creating and commissioning new care models for children in care – achieving better outcomes and lower costs. We are continuing the transformation of the care market to keep children and young people who require placements close to home and based in Norfolk wherever possible and appropriate to do so.
- Through the transformation programme to date, the Council has made capital and revenue investment in a range new provision, including the semi-independent accommodation and solo / dual placements, with

financial benefits already delivered and built into the MTFS for future years.

- For 2022-23, the additional savings reflect: development, in conjunction with health partners, of edge of mental health in-patient provision to support, in a therapeutic way, young people to step down from, or avoid, hospital stays and / or expensive, external placements / support, which leads to better outcomes for young people whilst also providing cost savings; review of our strategic commissioning approach to expand existing transformation delivery and the robustness of our negotiations; and, enhanced review process for Special Guardianship allowances.

**Inclusion:**

- The Council has significantly invested capital monies in the development of additional places in existing special schools, new special schools that are being built, and expanding specialist resource base provision throughout the County. This provision will enable more children and young people with Special Educational Needs to access appropriate provision closer to home and in the state sector, which will significantly reduce the pressures on the Dedicated Schools Grant forecast if we 'do nothing'. Additionally, investment in the support in mainstream schools is intended to reduce the escalation of needs enabling more children and young people to remain in the mainstream sector where it is appropriate for them to do so.
- Linked to this investment we are, and will continue, to deliver savings in relation to the home to school transport costs associated with long journeys for children with Special Educational Needs and Alternative Provision requirements.
- For 2022-23, we are proposing additional home to school transport savings that expand upon those already in the MTFS and, in particular, will be delivered through promoting a wider range of opportunities for home to school travel, focus on tightening controls and ensuring good financial grip.

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

**Rationalisation and relocation of office accommodation:**

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

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

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

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
CHL-22-23-001	<b>Extending our existing savings programme to deliver additional benefits.</b> 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	<b>-2.675</b>
CHL-22-23-002	<b>Extending our existing savings programme to deliver additional benefits.</b> 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	<b>-0.750</b>
CHL-22-23-003	<b>Extending our existing savings programme to deliver additional benefits.</b> Proposal is to expand our 2019-20 saving CHS003: Transforming the care market and creating the capacity that we need – Creating and commissioning new care models for children in care – achieving better outcomes and lower costs.	-0.675	-0.250	0.000	0.000	<b>-0.925</b>
CHL-22-23-004	<b>Extending our existing savings programme to deliver additional benefits.</b> 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	<b>-1.200</b>



Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
CHL-22-23-005	<b>Extending our existing savings programme to deliver additional benefits.</b> Proposal is to expand our 2021-22 saving CHS008: Smarter Working – continued modernisation through a shift to different ways of working to deliver savings from reduced spend on leases and associated revenue costs.	-0.165	0.000	0.000	0.000	<b>-0.165</b>
		<b>-4.315</b>	<b>-1.400</b>	<b>0.000</b>	<b>0.000</b>	<b>-5.715</b>

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

### Financial Strategy

9.1. Community and Environmental Services (CES) has responsibility for the delivery of a wide range of services; there is no hierarchy as each area has a vital role to play in achieving better outcomes for Norfolk and we have a key role to play in supporting the delivery of the *Together, for Norfolk* strategy.

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

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

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

- Delivery of the Covid-19 Local Outbreak Control, including testing and tracing, vaccination support and a range of other activities to control the spread of Covid-19, focussing on reducing harm and protecting vulnerable people
- Supporting economic bounce-back and growth, including delivery of the Norfolk and Suffolk Renewal Plan and development of the Norfolk Investment Framework
- Supporting community recovery and development of social infrastructure, including through the Social Infrastructure Fund and Community Renewal Fund

- Providing the digital and physical infrastructure individuals and businesses in Norfolk need to thrive, including enabling the best possible Broadband infrastructure we can secure for Norfolk
- Work to reduce our impact on the environment and deliver the action plan supporting the Council's Environmental Policy, including the new Electric Vehicle Strategy
- Investing in services to help keep Norfolk Communities safe and healthy
- Working with partners and stakeholders to further develop the visitor economy

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

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

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

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

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

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
CES-22-23-001	<b>Buying rather than leasing fire service vehicles.</b> This would bring savings while keeping the same number of vehicles on the road. [Fire Engines]	-0.100	0.000	0.000	0.000	<b>-0.100</b>

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
CES-22-23-002	<b>Buying rather than leasing fire service vehicles.</b> This would bring savings while keeping the same number of vehicles on the road.	-0.150	-0.111	0.000	0.000	<b>-0.261</b>
CES-22-23-003	<b>Charge for some of the expert planning advice and services we provide.</b> 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	<b>-0.150</b>
CES-22-23-004	<b>Efficiency savings (Planning Service).</b> 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	<b>-0.026</b>
CES-22-23-005	<b>Contract efficiencies.</b> Working with contractors to deliver lower costs from the arrangements at waste transfer stations.	-0.070	0.000	0.000	0.000	<b>-0.070</b>
CES-22-23-006	<b>Charges for trade waste disposal.</b> Updating principles for dealing with costs of trade waste collected by some district councils.	-0.025	0.000	0.000	0.000	<b>-0.025</b>
CES-22-23-007	<b>Review of estimates for waste budget increases.</b> Budgets can be adjusted to reflect new contracts with a lower unit cost.	-0.200	0.000	0.000	0.000	<b>-0.200</b>
CES-22-23-008	<b>Reduce recycling centre management costs.</b> Working with a contractor to deliver lower costs of service delivery.	-0.100	0.000	0.000	0.000	<b>-0.100</b>
CES-22-23-009	<b>Two brand new recycling centres will cost less to run.</b> 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	<b>-0.200</b>
CES-22-23-010	<b>Identifying contract efficiency savings.</b> Working with highways contractors to deliver savings from management overheads.	-0.035	0.000	0.000	0.000	<b>-0.035</b>
CES-22-23-011	<b>Fixed Penalty Notices.</b> 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	<b>0.000</b>

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
CES-22-23-012	<b>Fines for overrunning roadworks.</b> 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	<b>0.000</b>
CES-22-23-013	<b>Create new streetworks technician post.</b> 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	<b>-0.030</b>
CES-22-23-014	<b>Restructure the highways services team.</b> This would affect the back office team and no redundancies would be expected.	-0.020	0.000	0.000	0.000	<b>-0.020</b>
CES-22-23-015	<b>Maximise efficiency of winter gritting by using the latest technology.</b> 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	<b>-0.100</b>
CES-22-23-016	<b>Increase the Highway Design Team charge rates for work on major infrastructure delivery.</b> 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	<b>-0.150</b>
CES-22-23-017	<b>Fund part of the Council's economic projects budget from an alternative source.</b> 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	<b>-0.089</b>
CES-22-23-018	<b>New library operations centre to cut costs.</b> The new operations centre at Hethersett provides streamlined distribution and enables efficiencies.	-0.125	0.000	0.000	0.000	<b>-0.125</b>
CES-22-23-019	<b>Efficiency savings (Community Information and Learning).</b> 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	<b>-0.090</b>

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
CES-22-23-020	<b>Restructure back office support team.</b> Some processes are more efficient and therefore the structure of the team could be amended to reflect that.	-0.075	0.000	0.000	0.000	<b>-0.075</b>
CES-22-23-021	<b>Reduce software costs.</b> Switching to a new provider of design software will meet required needs while also saving money.	-0.020	0.000	0.000	0.000	<b>-0.020</b>
CES-22-23-022	<b>Capitalisation of IT costs to bring revenue savings.</b> 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	<b>-0.080</b>
CES-22-23-023	<b>Additional Streetworks income.</b> Employing an additional Streetworks Temporary Traffic Regulation Order (TTRO) Officer would result in additional income.	-0.050	0.000	0.000	0.000	<b>-0.050</b>
CES-22-23-024	<b>Increase the Infrastructure Projects charge rates for work on major infrastructure delivery.</b> 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	<b>-0.050</b>
CES-22-23-025	<b>Increased income and lower costs for the street lighting and traffic signals Electrical Services Team.</b> 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	<b>-0.050</b>
CES-22-23-026	<b>Increased income and lower costs for the Transport Team.</b> 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	<b>-0.075</b>
CES-22-23-027	<b>Reduced highways equipment costs.</b> Following the transfer to NORSE Highways, we have been able to reduce the cost of equipment.	-0.070	0.000	0.000	0.000	<b>-0.070</b>
CES-22-23-028	<b>Income generation from highways assets.</b> Increase income from additional highway advertising and sponsorship sites - for example new signs on verges.	-0.020	0.000	0.000	0.000	<b>-0.020</b>
CES-22-23-029	<b>Increased income generation by Trading Standards.</b> 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	<b>-0.050</b>

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
CES-22-23-030	<b>Seeking alternative funding sources for the Library and Information Service.</b> Review of external funding and staff structure options.	-0.090	0.000	0.000	0.000	<b>-0.090</b>
CES-22-23-031	<b>Cost Recovery for the American Library:</b> 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	<b>-0.013</b>
CES-22-23-032	<b>Customer Services efficiency savings.</b> 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	<b>-0.015</b>
CES-22-23-033	<b>Education Library Service:</b> 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	<b>-0.060</b>
CES-22-23-034	<b>Review software and rationalise functionality within other existing systems.</b> 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	<b>-0.013</b>
CES-22-23-035	<b>Restructuring some back office support teams.</b> 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.	-0.075	0.000	0.000	0.000	<b>-0.075</b>
CES-22-23-036	<b>Review of Museums budgets to reflect process and ways of working efficiencies.</b> 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	<b>-0.050</b>
CES-22-23-037	<b>Income generation by the Norfolk Record Office.</b> 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	<b>-0.010</b>
CES-22-23-038	Additional costs for advisory work met through the planning system.	-0.025	0.000	0.000	0.000	<b>-0.025</b>

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Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
CES-22-23-039	<b>Environment and waste budget savings.</b> Savings from planning application work being dealt with in house at the County Council.	-0.015	0.000	0.000	0.000	<b>-0.015</b>
CES-22-23-040	<b>Reduction in existing budget pressure for Fire Service.</b> 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	<b>-0.050</b>
CES-22-23-041	<b>Finalising a restructure of the [Fire Service] senior management team</b> and strategic operational command arrangements.	-0.020	0.000	0.000	0.000	<b>-0.020</b>
		<b>-2.961</b>	<b>0.214</b>	<b>0.000</b>	<b>0.000</b>	<b>-2.747</b>

## 10. 2022-23 Budget proposals – Strategy and Transformation

### Financial Strategy

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

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

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

- Communications
- Training and development

### Saving proposals 2022-23

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

- Work to drive our professional leads model and organisation design, in providing support across the organisation to maximise efficiency, and effectiveness

- Ensure the realisation of benefits identified in the Business Transformation and Smarter Working programmes
- Maximise any saving opportunities arising from changed expectations and working practices as a result of COVID-19
- Provide clarity on HR and H&S core service delivery post MyOracle implementation
- Acknowledge the role of manager capability and capacity in good people practice with reduced HR intervention and advice

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

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

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

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

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

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
S&T-22-23-001	<b>Reduction in HR budgets.</b> 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	<b>-0.150</b>
S&T-22-23-002	<b>Insight &amp; Analytics budget saving and additional income.</b> Deliver a saving by delaying recruitment and seeking alternative sources of funding for currently vacant posts.	-0.097	0.000	0.000	0.000	<b>-0.097</b>
S&T-22-23-003	<b>One off use of Strategy and Transformation reserves.</b>	-0.050	0.050	0.000	0.000	<b>0.000</b>
S&T-22-23-004	<b>Reduction in Transformation budgets.</b> Deliver a saving from a reduction in advertising posts and external fees.	-0.010	0.000	0.000	0.000	<b>-0.010</b>
		<b>-0.307</b>	<b>0.050</b>	<b>0.000</b>	<b>0.000</b>	<b>-0.257</b>

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## 11. 2022-23 Budget proposals - Governance

### Financial Strategy

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

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

### Saving proposals 2022-23

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

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

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

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

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
GOV-22-23-001	<b>Efficiency savings.</b> 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	<b>-0.080</b>
GOV-22-23-002	<b>Reduction in Monitoring Officer budget.</b> Remove capacity from Monitoring Officer budget.	-0.023	0.000	0.000	0.000	<b>-0.023</b>
GOV-22-23-003	<b>Reduction in Governance budgets.</b> Saving to be delivered from reducing	-0.012	0.000	0.000	0.000	<b>-0.012</b>

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
	training and removing Governance estate and site management budgets.					
GOV-22-23-004	<b>Reduction in Governance budgets.</b> Saving to be delivered by reducing Governance budget for rents and hire, while <u>retaining</u> the Coroner's budget for inquests that cannot be accommodated at County Hall.	-0.010	0.000	0.000	0.000	<b>-0.010</b>
GOV-22-23-005	<b>Use of Governance reserves.</b> One-off release of reserves to offset budget pressures following review of all reserves held.	-0.100	0.100	0.000	0.000	<b>0.000</b>
GOV-22-23-006	<b>Income generation.</b> Recognising the potential for growth in Nplaw, including external income generation.	-0.010	0.000	0.000	0.000	<b>-0.010</b>
GOV-22-23-007	<b>Reduced spend on barristers.</b>	-0.050	0.000	0.000	0.000	<b>-0.050</b>
		<b>-0.285</b>	<b>0.100</b>	<b>0.000</b>	<b>0.000</b>	<b>-0.185</b>

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

### Financial Strategy

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

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

### Saving proposals 2022-23

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

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

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
FIN-22-23-001	<b>One off release from Organisational Change Fund.</b> 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	<b>0.000</b>
FIN-22-23-002	<b>Increase in income budget to reflect actual grant funding.</b> Allocations of Extended Rights to Free Travel grant are not confirmed until after the budget for the year has been set. Following review, the income budget for the grant can be increased to reflect the actual level of grant received in recent years.	-0.625	0.000	0.000	0.000	<b>-0.625</b>
FIN-22-23-003	<b>Reduce budgetary provision for grants to other public bodies.</b> 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	<b>-0.300</b>
FIN-22-23-004	<b>Review of employer pension pressure provision.</b> 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	<b>-1.000</b>
FIN-22-23-005	<b>Review of treasury management requirements.</b> 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	<b>-0.500</b>
FIN-22-23-006	<b>Benefits realisation from the HR &amp; Finance system replacement (MyOracle) project.</b> Recognising efficiency and other savings to be achieved within Budgeting and Accounting service from 2023-24.	0.000	-0.200	0.000	0.000	<b>-0.200</b>
FIN-22-23-007	<b>Delaying planned contributions to the General Fund.</b> Review of the level of the General Fund compared to Net Budget forecasts and risks enables an element of planned contributions to be delayed and reduced while maintaining the balance at the required target level.	-1.000	0.250	0.250	0.000	<b>-0.500</b>

Ref	Saving Proposal	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
		-4.175	0.800	0.250	0.000	-3.125

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

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

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

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

- The new savings proposals developed to date for 2022-23, alongside the £5m additional savings to be identified for Cabinet in January 2022, will help to establish a solid foundation for the development of a robust budget in future years, but a number of key risks remain.
- The current monitoring position for 2021-22 indicates an overspend outturn position, although work is underway to achieve a balanced position by the end of the financial year. This will allow £18m of one-off resources held as a contingency pressure to be released so that they would therefore become available to support the 2022-23 Budget.
- Initial forecasts from District Councils suggest that the council tax base and collection position may be more resilient than previously forecast and may provide additional funding to support the 2022-23 gap. This will be confirmed as forecasts are developed through the remainder of the year.
- Contingent on the details of the Local Government Finance Settlement and without additional deliverable, recurrent savings, the Executive Director of Finance and Commercial Services recommends that a sustainable Medium Term Financial Strategy will require an increase in line with the maximum

referendum threshold of 2% in core council tax, 1% Adult Social Care Precept (2022-23), and the deferred 1% increase in Adult Social Care precept.

- Significant risks remain around the scale of the likely gap for 2023-24 and future years, subject to the level of one-off options required to balance the 2022-23 budget.
- The assessment of the robustness of the Budget remains highly sensitive to the detail of Government decisions about funding made at the Spending Review 2021 and Autumn Budget 2021 (as announced 27/10/2021) and also the Local Government Finance Settlement for 2022-23.

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

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

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

13.6. Taking the above into account, the Executive Director of Finance and Commercial Services' current advice is that the Council needs to continue to develop the 2022-23 Budget in a way which offers flexibility to respond to changes in the wider environment and operating context. This includes a further process to identify deliverable recurrent savings for 2022-23 to be undertaken

in November / December and to report in January 2022. The overall Budget position will be kept under review as budget planning continues through the remainder of the year. As part of setting the 2022-23 Budget, the Executive Director of Finance and Commercial Services will also consider the adequacy of the overall General Fund balance, the need for a general contingency amount within the revenue budget, uncertainty about Government funding, and the further implications of Brexit, COVID-19, and the Council's wider value for money position.

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

## **14. Council tax and Adult Social Care precept**

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

- the levels of emerging service pressures balanced against saving proposals identified;
- consideration of the robustness of the Council's overall 2022-23 budget;

- the risks for the longer term financial position, and in particular the need to ensure that a resilient budget can be set in future years,
- reliance on one-off measures to support the 2022-23 Budget which will need to be addressed in 2023-24.
- the considerable remaining uncertainty around risks, funding and cost pressures in 2022-23 and beyond.

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

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

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

## 15. Impact of the Proposals

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

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

## 16. Evidence and Reasons for Decision

16.1. The County Council continues to engage with Government, MPs and other stakeholders to campaign for adequate and sustainable funding for

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

## **17. Alternative Options**

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

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

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

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

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

## **18. Financial Implications**

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



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

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

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

## 19. Resource Implications

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

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

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

## 20. Other Implications

- 20.1. **Legal Implications:** This report forms part of the process that will enable the Council to set a balanced budget for 2022-23 in line with statutory requirements, including those relating to setting council tax, and undertaking public consultation.
- 20.2. **Human Rights implications:** No specific human rights implications have been identified.
- 20.3. **Data Protection Impact Assessments (DPIA):** None.
- 20.4. **Health and Safety implications (where appropriate):** None.
- 20.5. **Sustainability implications (where appropriate):** There are no direct sustainability implications arising from this report although existing 2022-23 budget plans include funding for activities which may have an impact on the environmental sustainability of the County Council through the delivery of the Environmental Policy. These issues were considered in more detail within the February budget report to Full Council. The MTFS currently assumes that cost pressures and capital schemes to achieve 2030 carbon neutrality as set out in the Environmental Policy are sufficient, however as set out in the report "*Natural Norfolk: Progress on delivering the Environmental Policy*" elsewhere on the agenda, proposals to support the Council's move towards decarbonisation will have financial implications for the County Council. Further work will be undertaken so that as far as possible any cost pressures linked to environmental policy and carbon reduction activities are reflected in the Budget and Medium Term Financial Strategy presented to Cabinet in January 2022. Sustainability issues in relation to any new 2022-23 budget proposals will need to be further considered once initiatives are finalised as part of budget setting in February 2022.
- 20.6. **Any other implications:** Significant issues, risks, assumptions and implications have been set out throughout the report.

## 21. Equality Impact Assessment (EqIA)

### Introduction

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

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<sup>11</sup> The Act states that public bodies must pay due regard to the need to:

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

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

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

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

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

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

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

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

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

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

## **22. Risk Implications/Assessment**

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

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

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

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

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

22.4. The Council is currently in the process of implementing a new HR and Finance System (MyOracle), following approval of the business case presented in May 2019. The current budget makes provision for the revenue and capital costs associated with the system, which is expected to deliver some savings during 2022-23, with full benefits achieved from 2023-24, based on

implementation in April 2022. As a result, the 2021-22 Budget incorporates some early savings realised within Finance and Commercial Services in 2021-22, with the majority of savings now assumed in the planning position from 2022-23, which assists in closing the MTFS gap position in future years. The assumed level of annual savings in the original business case was £3m. The effective delivery of this programme may therefore have implications for the 2022-23 Budget both in terms of (1) the level of savings assumed within the MTFS and (2) the underlying impact of a new system on the budget setting process. The latest details about the progress of this major project are provided in the *MyOracle programme update* report to Corporate Select Committee in November 2021.

## **23. Select Committee comments**

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

## **24. Recommendations**

- 24.1. Cabinet is recommended:

- 1. To consider and comment on the County Council strategy as set out in section 2 and how the Budget process is aligned to the overall policy and financial framework;**
- 2. To consider the potential implications of Government announcements about Social Care, the considerable uncertainty remaining in respect of these, which may result in additional cost pressures in the medium to longer term, and agree that these should be reflected, where possible, in the 2022-23 Budget;**
- 3. To consider the latest details of announcements made at the Spending Review 2021 and Autumn Budget 2021, and note that the outcome of these national funding announcements, alongside the Local Government Finance Settlement, will have potentially significant impacts on the 2022-23 Budget position, which will not be fully known until later in the process;**
- 4. To consider and agree for planning purposes the latest assessment of significant areas of risk and uncertainty around emerging budget pressures for the 2022-23 Budget and Medium Term Financial Strategy, which remain to be resolved and which may have a material impact on budget planning (paragraph 13.4);**

5. To confirm that Cabinet's intention is to seek, as planned, a total council tax increase of 2.99% for 2022-23 made up of 1.99% general council tax and 1.00% adult social care precept deferred from 2021-22;
6. To direct Executive Directors to seek to identify further recurrent savings of £5.000m and to report to Cabinet in January 2022;
7. To agree to undertake a full review of how the Council operates to deliver its future services and strategy;
8. To have regard to the Executive Director of Finance and Commercial Services' advice about the sustainability of the Medium Term Financial Strategy position (section 13), noting the wider uncertainty about funding levels and cost pressures for 2022-23 and 2023-24, and therefore to agree to consult the public on a range of council tax increases including the maximum increase available within the referendum threshold, in order to provide Full Council with the scope to use the full range of Council Tax flexibility, if required, when setting the 2022-23 Budget in February 2022;
9. To consider and agree the proposed savings as set out in sections 7-12 (tables 5-10) to be taken forward in budget planning for 2022-23, subject to final decisions about the overall Budget in February 2022, noting the level of savings already included from the 2021-22 Budget process (table 2);
10. To agree that public consultation (as set out in section 5) and equality impact assessment (as set out in section 21) be undertaken on the 2022-23 Budget and saving proposals as set out in sections 7-12 (tables 5-10), and the level of council tax and Adult Social Care precept for 2022-23, as set out in section 14 and table 11;
11. To note the responsibilities of the Executive Director of Finance and Commercial Services under section 114 of the Local Government Act 1988 and section 25 of the Local Government Act 2003 to comment on the robustness of budget estimates as set out in section 13, and having regard to the level of savings required for 2023-24, to direct Officers to bring forward proposals to support early development and identification of saving proposals for 2023-24 with a focus on transformational activity;
12. To agree the proposed next steps in the Budget planning process for 2022-23, and the remaining Budget planning timetable (Appendix 1); and
13. To note and thank Select Committees for their input into the Budget development process for 2022-23 in July, and to invite Select Committees to comment further on the detailed saving proposals set out in this report when they meet in November 2021 (section 23).

## **25. Background Papers**

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25.1. Background papers for this report are listed below:

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

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

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

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

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

[Budget Book 2021-25](#)

## **Officer Contact**

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

## Appendix 1: Budget setting timetable 2022-23

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

*\*Dates TBC*