

Report to Cabinet

Item No.

Report title:	Strategic and Financial Planning – Budget 2020-21
Date of meeting:	07 October 2019
Responsible Cabinet Member:	Andrew Proctor (Leader of the Council) Andrew Jamieson (Cabinet Member for Finance)
Responsible Director:	Simon George (Executive Director of Finance and Commercial Services) Fiona McDiarmid (Executive Director of Strategy and Governance)
Is this a key decision?	Yes

Executive Summary/Introduction from Cabinet Member

This report provides an overview of the saving proposals which have been identified as part of the process to address the Council's overall gap position as forecast in the Medium Term Financial Strategy agreed by Full Council in February 2019. It summarises the proposed approach to public consultation on the 2020-21 Budget and the next steps in the process leading to budget-setting in January and February 2020.

The report also sets out details of the latest information about the wider financial context for the Council, including the anticipated impact of the Government's Spending Round announcements in September 2019, and the emerging service budget pressures which have been identified to date. In addition, it describes the overall approach to business planning for 2020-21 and a summary of the budget strategy for each service alongside key areas of risk and uncertainty.

Cabinet decisions based on this information will collectively inform the development of a robust, balanced 2020-21 Budget for the Council.

Recommendations:

- 1. To note how the development of the Medium Term Financial Strategy is informed by the Council's vision and strategy (paragraph 1.2);**
- 2. To consider the latest assumptions about funding following the 2019 Spending Round announcements (paragraph 1.3), the emerging pressures (paragraph 2.3), and the council tax assumptions (paragraph 2.11), which will collectively inform Council's Budget planning for 2020-21;**
- 3. To consider and agree the proposed savings as set out in section 2 to be taken forward in budget planning for 2020-21, subject to final decisions about the overall Budget in January and February 2020, noting the level of savings already included from the 2019-20 Budget process;**

4. To agree that public consultation be undertaken on the 2020-21 Budget and saving proposals, and the level of council tax and Adult Social Care precept for 2020-21, as set out in paragraph 2.13;
5. 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 paragraph 4.2; and
6. To note the Budget planning timetable (paragraph 3.3).

1. Background and Purpose

- 1.1. The County Council agreed the 2019-20 Budget and Medium Term Financial Strategy (MTFS) to 2021-22 at its meeting 11 February 2019. In May 2019, Cabinet considered the Council's overall budget position in the context of emerging budget risks and uncertainties. Cabinet agreed the approach to service planning and budget setting including the allocation of savings targets to services. Since then, Departments have been undertaking their detailed budget planning to identify savings proposals, cost pressures and key risks for the 2020-21 Budget.

This report represents the next stage in the Council's budget setting process and brings together a range of information including the latest details of Government funding announcements, to enable Cabinet to consider the emerging saving proposals and to agree the approach to public consultation for the 2020-21 Budget.

1.2. County Council Strategy and transformation

The report to Cabinet sets out how the Council's vision and strategy will inform the development of the 2020-21 Budget and Medium Term Financial Strategy.

Caring for our County, the vision for Norfolk approved by Members in February 2018, outlines the Council's commitment to playing a leading role in:

- Building communities we can be proud of;
- Installing infrastructure first;
- Building new homes to help young people get on the housing ladder;
- Developing the skills of our people through training and apprenticeships;
- Nurturing our growing digital economy; and
- Making the most of our heritage, culture and environment.

On 7 May 2019, Full Council formally adopted Norfolk County Council's plan, ***Together, for Norfolk***, as part of its policy framework. The new whole-Council plan brings together the vision in ***Caring for our County*** and the Council values and principles, and provides a clear view of the priorities and significant activity that the Council needs to deliver alone or with partners over the next six years.

Together, for Norfolk focuses on partnership working and collaboration, and aims to drive economic growth, improve social mobility, and lead to a better quality of life and outcomes for the people of Norfolk. The plan emerged directly from the needs assessment carried out as part of the County's deep analysis of social

mobility, following the publication of the report by the Social Mobility Commission in 2018. The plan's outcomes framework has three overriding ambitions which drive the Council's priorities: A growing economy, thriving people, and strong communities. Our Plan also underpins and contributes to the delivery of the New Anglia Local Enterprise Partnership Norfolk and Suffolk Economic Strategy.

The plan provides a whole-Council view of significant activities, including, significant service change or redesign, infrastructure, assets and technology, including capital programmes or projects, strategy or policy development. **Together, for Norfolk** supports and is aligned to our Medium Term Financial Strategy to ensure continued visibility and oversight of critical strategic initiatives.

Our services support our ambition by ensuring children and young people have the best start in life, protecting vulnerable people, developing strong infrastructure, maintaining a safe road system and helping improve the economy. The Council's transformation programme, **Norfolk Futures**, provides the mechanism to realise these ambitions for the County across all of its activities.

We currently have four priorities to help us to deliver the strategy:

1. Safer children and resilient families

The Council aims to reduce the need for children to be in care by focussing on early intervention to keep children safely at home. When children are in care the Council aims to change its placement mix to better support children, with a preference for fostering and adoption rather than residential care.

2. Promoting independence for vulnerable adults

By enabling more people to live independently for longer, the Council aims to prevent, reduce and delay the need for formal care. The programme focusses on improvements to front door arrangements, early help and intervention, reablement and social work practice.

3. Local service strategy

Under this priority, services will be redesigned and proactively targeted in the places where they are most needed in our market towns, Norwich, Great Yarmouth and King's Lynn.

4. Smarter working

This priority brings together smarter information and advice, business transformation, innovation through technology, commercialisation and the property strategy, to change the way we work and enable the sustainable delivery of our strategies.

By 2025 the Council plan, transformation programme and underpinning departmental plans will have moved the Council towards a more sustainable future with affordable, effective services. Taking account of the current context where demand for our services is driven both by demographic and social trends, and

where increasingly complex and more expensive forms of provision are becoming prevalent.

The council is also looking to change the way we work to reflect new systems and technology. As an organisation, we will be more flexible about when and where we work, and how we creatively use space and technology to find new and more efficient ways of doing things in a modern and business-like way.

Norfolk Futures is guided by **four core principles** that will frame the transformation we will lead across all our work. This is all underpinned by evidence and political support, to change how the Council works and how we work with the people of Norfolk.

- 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.

Further information about the budget planning priorities relevant to Cabinet, and how they will inform and support 2020-21 budget planning, are set out in section 2 of this report.

This strategic approach driven by the vision, and underpinned by the four principles, is at the heart of the MTFS.

1.3. National context and Spending Round 2019

On 4 September 2019, the Chancellor of the Exchequer, Sajid Javid, announced the outcome of a one year [Spending Round](https://www.gov.uk/government/news/spending-round-2019-what-you-need-to-know) setting out departmental funding allocations for 2020-21. The associated briefing states that the “*Spending Round provides more money to support vital public services while being delivered within the government’s existing fiscal rules.*”¹ However, the Chancellor confirmed that the government would review the fiscal framework (including the fiscal rules) alongside updated economic and fiscal forecasts at the time of the Autumn Budget. The Spending Round represents a £13.8bn increase in day to day spending for 2020-21.

The Spending Round did not provide detailed allocations of Local Authority funding at individual council level; however, it did indicate additional resources in 2020-21 and set out a number of announcements with implications for local government. Overall the Spending Round provides an increase in funding for 2020-21 compared to original MTFS assumptions through the continuation of current one-off or short term funding allocations and the new funding. The Government now assumes that Local Authorities will raise council tax by 4% in 2020-21 (reflecting the 2% core and 2% Adult Social Care precept flexibility).

¹<https://www.gov.uk/government/news/spending-round-2019-what-you-need-to-know>

Key announcements included:

Health and Social Care

- An additional £1.5bn of funding for Social Care – consisting of £1bn of new grant funding for adult and children's social care, and £0.5bn through flexibility to raise a further 2% Adult Social Care precept. The Spending Round document emphasises that the Government "*remains committed to putting adult social care on a fairer and more sustainable footing and will bring forward proposals in due course*"². Based on previous allocations, this would equate to approximately £17.4m in additional grant for Norfolk plus £8m available through the further precept flexibility.
- A real term increase to the Public Health Grant budget, so that local authorities can continue to provide prevention and public health interventions. This is assumed to amount to approximately £0.700m for Norfolk although subsequent announcements by Public Health England have indicated a 1% real terms increase in Public Health Grant in 2020-21³ so the final increase may be higher than this.
- A 3.4% real terms increase through the NHS contribution to adult social care through the Better Care Fund.
- The Spending Round confirms continued funding for the Troubled Families programme.

Schools

- Schools budgets are to be set for the period to 2022-23 rising by £2.6bn in 2020-21, £4.8bn in 2021-22 and £7.1bn in 2022-23, compared to 2019-20 funding, with an additional £1.5bn annually for teacher employer pension contributions.
- The Government is continuing with implementation of the schools National Funding Formula – with per pupil funding to rise with inflation in 2020-21. The minimum per pupil amount for 2020-21 will increase to £3,750 for primary schools and £5,000 for secondary schools.
- An additional £700m nationally for Special Educational Needs and Disabilities (SEND). Based on previous allocations, this would equate to approximately £10m in additional grant for Norfolk.

Overall funding

- Business rate baseline funding levels and Revenue Support Grant to increase in line with inflation and potentially receive a real terms increase.
- Overall, Government expects the Spending Round to reflect a £2.9bn increase in Core Spending Power (including social care funding and the precept) and provide in total an increase of £3.5bn in the resources available to local authorities. This reflects the continuation of a number of funding streams previously expected to end in 2019-20 (such as social care and winter pressures funding and iBCF fundnig). The details of how Spending Round announcements will impact on specific funding streams including Revenue Support Grant and Rural Services Delivery Grant at an individual authority level remain to be published. The Ministry of Housing, Communities and Local Government (MHCLG) will consult on the detailed methodology for the 2020-21 Settlement as part of the technical consultation on the Settlement.

- The Chancellor confirmed a full multi-year spending review will be conducted in 2020 for capital and resource budgets beyond 2020-21.

Other announcements with relevance for local government

- £422m to tackle homelessness and rough sleeping.
- £24m for the Building Safety Programme.
- £241m for the Towns Fund to support the regeneration of high streets, town centres and local economies.
- £200m to transform bus services.

Following the Spending Round announcements by the Chancellor, the Secretary of State for Housing, Communities and Local Government wrote to Local Authorities to confirm a delay in the development of changes to the Business Rates Retention System and Fair Funding Review. As a result, these will now not be implemented in 2020-21. The latest information suggests that existing 75% Business Rates Retention pilots will run for 2019-20 only and allocations will then revert to the underlying 50% system in 2020-21. The Council's budget planning is based on this assumption.

The precise timing of further detailed announcements for Local Government, and future year allocations, remains unknown, although there are indications that the Government intends to publish provisional settlement information in line with the timescales recommended by the Hudson Review⁴ (i.e. by 5 December 2019).

2. Proposals

2.1. 2020-21 Budget strategy

The Spending Round 2019 announcements are expected to provide very welcome additional funding for Norfolk County Council in 2020-21 as well as the extension of funding previously assumed to be one-off or short term in nature. **However, these additional resources are expected to be substantially absorbed by ongoing demand and demographic pressures**, and do not represent a significant reversal in the context of the level of sustained funding reductions experienced by local government since the beginning of austerity. As previously highlighted, there remains considerable uncertainty about the individual local authority allocations to be provided within the overall level of funding to local government.

Considering these factors, it is recommended that Council's approach should be to continue to seek to identify savings of £40m and extend Medium Term Financial Strategy planning to 2023-24 based on:

- The three-block approach to closing the £40m 2020-21 gap endorsed by Cabinet on 20 May 2019.

²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/82917/7/Spending_Round_2019_web.pdf

³<https://www.lgcplus.com/services/health-and-care/public-health-will-get-1-real-terms-growth-selbie-reveals-13-09-2019/>

⁴https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/75102/3/Hudson_Review.pdf

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- Agreeing that a process to address the 2021-22 gap of £35m should be considered when there is greater certainty about the multi-year Spending Review, 75% Business Rates Retention, and the Fair Funding Review.

2.2. Current savings in Medium Term Financial Strategy

The MTFS agreed in February 2019 included savings proposals to be delivered in future years as shown in the table below. Unless savings are removed or otherwise mitigated elsewhere in the 2020-21 Budget process, these will need to be delivered **in addition to any new savings** identified as part of this year's planning.

Table 1: Summary of savings agreed 2020-21 to 2023-24

Existing 2019-20 MTFS Proposals	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	Total £m
Adult Social Services	-17.257	-5.700	0.000	0.000	-22.957
Children's Services	-3.484	-2.000	0.000	0.000	-5.484
Community and Environmental Services	-3.707	-3.390	0.000	0.000	-7.097
Strategy and Governance Department	0.963	0.000	0.000	0.000	0.963
Finance and Commercial Services	-1.750	-0.650	0.000	0.000	-2.400
Finance General	-5.847	-5.000	5.000	5.000	-0.847
Total	-31.082	-16.740	5.000	5.000	-37.822

2.3. Emerging 2020-21 Budget pressures

At this stage in the Budget process, pressures are emerging which will need to be addressed in the planning for 2020-21. These will continue to be refined leading into budget setting in January / February 2020, but currently reflect:

- Significant emerging service pressures, totalling over £30.000m, which have been identified for 2020-21 and which will need to be incorporated into the Budget in January after being reviewed and validated;
- The MTFS agreed in February included a small number of saving proposals now considered to be at risk of either non-delivery or delay totalling £1.500m in 2020-21. Further work to review and validate the deliverability of significant planned saving programmes is being undertaken so that changes can be reflected in final budget setting in February.
- Proposal that the level of saving to be released within Public Health Grant in 2021-22 in order to provide support for other areas of Public Health related expenditure in existing service budgets is reduced by £1.000m.
- The S151 Officer is considering the adequacy of the overall General Fund balance, as well as the need for a general contingency amount within the revenue budget, in light of the increasing level of the Council's net Budget, uncertainty about Government funding and the implications of Brexit, and the Council's value for money position.
- Options to reduce the level of reliance on capital receipts and capitalisation across the life of the MTFS.

The latest information about the 2019-20 budget monitoring position is set out in the Financial Monitoring report elsewhere on the agenda. A number of the issues identified in the 2019-20 position are expected to be provided for in the above list of pressures, however the underlying assumption for 2020-21 Budget setting is

that the 2019-20 Budget is delivered (that all savings are achieved as planned and there are no significant unfunded overspends).

The Chancellor's Spending Round announcements will provide additional resources beyond the level assumed in the February MTFS. It is anticipated that this additional funding, once confirmed, will enable a number of these pressures to be mitigated to ensure **a robust budget can be set for 2020-21**. However, the short-term nature of the Spending Round announcement (for 2020-21 only) means that risks remain around the provision of this funding in future years and therefore a potential cliff-edge continues to exist in 2021-22.

Taking these issues into account, it is the recommendation of the Section 151 Officer that the scope to provide for these pressures within the constraints of the overall budget should be reviewed in the round when further specific details of the funding allocations for 2020-21 are known. It is also particularly important that the **saving proposals for 2020-21 should be considered in the context of the very significant level of pressures for next year**.

2.4. Saving proposals for 2020-21

The table below provides a summary of the new savings proposals for 2020-21 which have been identified to address the forecast budget gap. An explanation follows of the underlying strategy for each Department, which has helped to inform the development of proposals, along with further details of the specific savings proposed in each area.

Table 2: Summary of 2020-21 new saving proposals

Draft proposals summary - net <u>new</u> savings	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	Total £m
Business Transformation / Smarter Working	-1.621	-4.252	-1.412	-0.412	-7.697
Adult Social Services	-7.240	-2.244	0.000	0.000	-9.484
Children's Services	-3.766	-4.400	-2.000	0.000	-10.166
Community and Environmental Services	-1.905	-0.135	0.000	0.000	-2.040
Strategy and Governance Department	-0.500	0.000	0.000	0.000	-0.500
Finance and Commercial Services	-0.800	0.800	0.000	0.000	0.000
Total	-15.832	-10.231	-3.412	-0.412	-29.887

2.5. Business Transformation

The Business Transformation Programme was born from the Medium-Term Financial Strategy (MTFS) and the allocation of a savings target block for 2020-21 from review of non-frontline expenditure and ways of working on the lead in to implementation of a new HR and Finance system in 2021. The Business Transformation proposals aim to save £7.7 million during the four years of the MTFS. It is about making the Council's processes more modern, efficient and business-like. Examples include: increased use of digital technology and

automation of processes; a more commercial focus on traded services; and further improvements through the smarter working programme. It is fully aligned to the Council's transformation objectives of managing demand, being business like, using digital technology, joining up our work and using evidence and data.

The timing of Business Transformation savings shown reflects the Section 151 Officer's initial view about the deliverability and timescale for achieving these savings. While there can be a reasonable level of confidence about the overall quantum of savings to be delivered, there is uncertainty about both the timing and budgetary impact of the proposals. Deferring a proportion of savings into subsequent years therefore:

- Removes delivery risks from the 2020-21 Budget and provides an opportunity to deliver an in-year benefit where savings can be achieved early;
- Provides additional time for specific activities to be developed and implemented in respect of the more complex / higher risk proposals, which will enable a better understanding of which budgets savings will accrue to, and provide greater confidence that savings are achievable.

Table 3: Business Transformation proposals

Reference	Saving Title	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	Total £m
BTP001	Continuing our smarter working programme , which achieves efficiencies by changing the way we work.	-0.335	-0.265	-1.000	0.000	-1.600
BTP002	Rationalising and making the most of our own properties to reduce external venue hire costs.	-0.350	-0.146	-0.112	-0.112	-0.720
BTP003.1	Increasing council tax and business rates income by preventing and detecting fraud.	-0.500	-0.500	0.000	0.000	-1.000
BTP003.2	Digitising print, post, scan and record storage leading to a reduction in direct costs.	-0.200	-0.200	-0.300	-0.300	-1.000
BTP003.3	Making the most of technology to make every day business transactions more efficient.	0.000	-2.450	0.000	0.000	-2.450
BTP004	Receiving discounts from suppliers by offering them early payments.	0.000	-0.500	0.000	0.000	-0.500
BTP005	Reviewing all of Norfolk County Council's traded services to make sure they are run on a fair commercial basis.	-0.236	-0.191	0.000	0.000	-0.427
		-1.621	-4.252	-1.412	-0.412	-7.697

2.6. **Adult Social Services**

The service has a clear vision – to support people to be independent, resilient and well. Our strategy to achieve this is Promoting Independence – which is shaped by the Care Act with its call to action across public services to prevent, reduce and delay the demand for social care. We are working across the service, and with our partners, to support people earlier before their ability to manage deteriorates. The council commissions support in an integrated arrangement with Norfolk's Clinical Commissioning Groups, and is working in integrated teams with community health providers. In addition, our approaches to meeting people's eligible social care needs are focused on an individual's strengths and existing support around them; to help people retain their lives and engagement within their communities. Across health and social care, we are embedding a shared 'home first' culture which helps people keep and regain independence.

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

- Investing in early intervention and targeted prevention to keep people independent for longer
- Investing in excellent social work which helps people regain and retain independence, and reduces, prevents and delays the need for formal social care
- Commissioning services which enable and re-able people so they achieve and maintain as much independence as they can and reducing the amount of formal social care they need
- Reducing the proportion of people who are placed in permanent residential and nursing care
- Leading and developing the market for social care so that it is stable and sustainable and aligns with the ambitions of promoting independence.
- Working with health partners to reduce system demand and improve outcomes
- Increasing the use of technology to enable more people to live independently for longer
- Charging people appropriately for their care and providing welfare rights support
- Strengthening the contract management of our commissioned contracts and pursuing efficiencies in all areas of our work.

In preparing the additional sustainability and savings proposals for the coming years, the service has primarily concentrated on invest to save measures through prevention and opportunities for delivering benefits across the health and social care system. This recognises the integrated approach to care across Norfolk and the importance of a joined up system to maximise other efficiencies, for example from commissioned services.

We also want to improve personalisation of care, offering more choice to individuals about how eligible care needs are met and in turn supporting improved value for money.

Table 4: Adult Social Services proposals

Reference	Saving Title	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	Total £m
ASS001	Expanding home based reablement , which saves money in the long term by preventing unnecessary hospital admissions and supporting more people to swiftly return home from hospital.	-3.000	-2.000	0.000	0.000	-5.000
ASS002	Expanding accommodation based reablement , which saves money by enabling people with higher needs to quickly return to their home from hospital without needing residential care.	-0.750	-0.250	0.000	0.000	-1.000
ASS003	Extending home based support for people with higher level needs or dementia so that they can remain in their home especially after an illness or hospital stay, which saves money on residential care.	-0.200	-0.150	0.000	0.000	-0.350
ASS004	Working better across health and social care teams to help prevent falls , which in turn helps prevent hospital admissions and saves money on residential care.	-0.140	0.000	0.000	0.000	-0.140
ASS005	Supporting disabled people to access grants that are available for access to education and support to attend university.	-0.050	0.000	0.000	0.000	-0.050
ASS006	Increasing opportunities for personalisation and direct payments , which will help both increase choice of services and value for money, through more efficient commissioning.	-0.500	0.000	0.000	0.000	-0.500
ASS007	Reviewing how we commission residential care services to save money by making sure we have the right services in the right place.	-0.500	-0.234	0.000	0.000	-0.734
ASS008	Developing consistent contracts and prices for nursing care by working more closely with health services.	-0.190	-0.110	0.000	0.000	-0.300
ASS009	Debt management (one-off) - reclaiming money owed by other organisations.	-0.500	0.500	0.000	0.000	0.000
ASS010	Reducing the money we spend on supporting providers to	-0.010	0.000	0.000	0.000	-0.010

Reference	Saving Title	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	Total £m
	develop a market of affordable, quality, social care.					
ASS011	Reviewing staffing levels in back office and support services.	-0.100	0.000	0.000	0.000	-0.100
ASS012	Funding of the Norfolk Swift Response Service by Health.	-1.300	0.000	0.000	0.000	-1.300
		-7.240	-2.244	0.000	0.000	-9.484

2.7. Children's Services

Children's Services is operating in a very challenging context, like the majority of Councils. In response, the department has a strategic transformation approach in place with focus upon five key areas:

- Inclusion
- Prevention and Early Intervention
- Effective Practice Model
- Edge of Care Support and Alternatives to Care
- Managing the Care Market and Creating the Capacity We Need

Within each key area a number of initiatives have been identified to enable the service to deliver the level of transformation required. These initiatives are all positive investments to keep families together and provide better care; improving outcomes as well as reducing total costs. Many of these initiatives are already succeeding and we are seeing the number of children in care is reducing alongside a reduction in the reliance on high cost, external placements.

In preparing the additional savings proposals for the coming years, the service has focussed upon this transformation strategy on an invest to save basis both to prevent escalation of demand and to ensure value for money is achieved alongside good outcomes for children and families. This includes continuing to build upon existing system-wide work with partners to ensure that children and families experience the benefits of joined up working, whilst efficiencies for the whole system are maximised. The transformation programme has a pipeline of proposals that continue to be developed and have enabled the identification of additional savings that can be delivered:

- **Prevention, Early Intervention & Effective Social Care:** Invest to save approach through our workforce to embed our practice vision and principles: whole family, whole system strengths based, relationship based and outcomes focussed; to enable cases to be held from assessment to case closure or permanence in care by one team; and, to ensure that the right specialist roles are available to work alongside core teams. This investment is intended to allow for sustained and consistent relationships with families with the aim of achieving more success at reducing risk and keeping families together. Alongside the investment in front-line social care teams, we are investing in additional co-ordination and support capacity to reduce the administrative burdens from front line practitioners that will allow them to have a relentless focus on working with children and families, as

well as technological solutions that will allow teams to maximise their time available for intervention work.

- **Alternatives to Care:** We are investing in a range of new services which offer alternatives to care, combined with a focus on support networks from extended families keeping families safely together where possible and averting family crises. Our new, intensive therapeutic support service is in place and working with children and their families to avoid admission to care, and we are embedding a Family Networking approach across all of our teams. Proposals are being developed for additional targeted interventions and alternatives to care.
- **Transforming the care market and creating the capacity that we need:** We are creating and commissioning new care models for children in care to achieve better outcomes alongside lower costs. We have introduced a new approach to the recruitment of in-house foster carers, alongside focus on retention and support for existing carers; this has already resulted in a significant increase in in-house foster care placements and this growth is anticipated to continue. New high quality semi-independent provision is coming on stream with a focus upon supporting young people who are ready to transition towards adulthood and independence. Additional capacity, such as through an enhanced fostering model to support residential step-downs and additional in-county residential provision for children with disabilities, is in the pipeline, with future quality and financial benefits expected to be delivered. This additional capacity has been complemented with a focus upon smarter commissioning through our Valuing Care approach, designed to drive much better value from care placements by introducing a new approach that gives us a more nuanced and codified understanding of needs and, thus, allowing us to commission to achieve positive outcomes.

Table 5: Children's Services proposals

Reference	Saving Title	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	Total £m
CHS001	Prevention, early intervention and effective social care – Investing in an enhanced operating model which supports families to stay together and ensures fewer children need to come into care.	-1.000	-1.000	-0.500	0.000	-2.500
CHS002	Alternatives to care – Investing in a range of new services which offer alternatives to care using enhanced therapeutic and care alternatives, combined with a focus on support networks from extended families keeping families safely together where possible and averting family crises.	-1.200	-1.400	0.100	0.000	-2.500

Reference	Saving Title	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	Total £m
CHS003	Transforming the care market and creating the capacity that we need – Creating and commissioning new care models for children in care – achieving better outcomes and lower costs.	-3.500	-4.000	-1.600	0.000	-9.100
CHS004	Merging existing children looked after transformation savings (CHL049) into new proposals (CHL001-3), which will replace and augment the existing deliverable plans.	1.584	2.000	0.000	0.000	3.584
CHS005	Reverse elements of CHL047 – Cost efficiencies delivered by strategic partnership and joint commissioning with Mental Health services.	0.350	0.000	0.000	0.000	0.350
		-3.766	-4.400	-2.000	0.000	-10.166

2.8. **Community and Environmental Services**

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. Whilst our audience is “universal”, many of our services are now focused on supporting the principles and priorities laid out in Norfolk Futures, and in particular, the social care demand management agenda. We can proactively provide information and advice to help people to make better choices that enable them to live fulfilling independent lives.

We continue to provide vital services to ensure that our residents are safe, both in their own homes and when out and about in our County.

In terms of an overall strategy for developing budget proposals, the range of services and outcomes means that a single approach would not be beneficial. Instead, CES is focussing on service redesign broadly following three distinct approaches:

- Cost reduction
- Collaboration
- Development

CES continue to expand opportunities to reduce costs through renegotiating contracts, collaboration of teams within CES and across the organisation and raising additional income.

Table 6: Community and Environmental Services proposals

Reference	Saving Title	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	Total £m
CES001	Additional efficiencies in staffing and operations to progress the Adult Learning service towards its goal of being cost neutral.	-0.240	0.000	0.000	0.000	-0.240
CES002	Achieving economies of scale in our Customer Service Centre by expanding the services that we deliver.	0.000	-0.100	0.000	0.000	-0.100
CES003	Reviewing processes and operating model to drive further efficiencies within Customer Services.	-0.177	0.000	0.000	0.000	-0.177
CES004	Reducing the costs of our recycling centre contracts.	-0.150	0.000	0.000	0.000	-0.150
CES005	Adjusting our budget for recycling centres in line with predicted waste volumes.	-0.200	0.000	0.000	0.000	-0.200
CES006	Saving money by renegotiating our highways contracts.	-0.250	0.000	0.000	0.000	-0.250
CES007	Saving money by purchasing fire service equipment, rather than leasing it.	-0.250	0.000	0.000	0.000	-0.250
CES008	Reviewing posts in our Culture and Heritage service to ensure that we have the right number of staff with the right mix of skills.	-0.120	0.000	0.000	0.000	-0.120
CES009	Saving money in our post room by reducing staff and the costs of our contracts.	-0.065	0.000	0.000	0.000	-0.065
CES010	Reviewing staffing and vacancies in Trading Standards to ensure that we have the right number of staff with the right mix of skills.	-0.089	0.000	0.000	0.000	-0.089
CES011	Reviewing vacancies in Waste Services to ensure that we have the right number of staff with the right mix of skills.	-0.032	0.000	0.000	0.000	-0.032
CES012	Saving money by maintaining recycling credit payments to Voluntary and Community Groups at 2019-20 levels.	-0.005	0.000	0.000	0.000	-0.005
CES013	Saving money on treating street sweeping arisings by re-procuring our contract.	-0.010	0.000	0.000	0.000	-0.010

Reference	Saving Title	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	Total £m
CES014	Adjusting budget for recycling credits in line with predicted recycling volumes.	-0.008	0.000	0.000	0.000	-0.008
CES015	Saving money by maintaining recycling credit rates to District Councils for some materials at 2019-20 levels.	-0.040	0.000	0.000	0.000	-0.040
CES016	Matching the contribution made by Districts to the Waste Partnership communications budget.	-0.010	0.000	0.000	0.000	-0.010
CES017	Reviewing the operation of Museum catering facilities to make them more commercial.	0.000	-0.035	0.000	0.000	-0.035
CES018	Saving money and increasing income by reviewing Culture and Heritage service room hire arrangements to make more cost effective use of space.	-0.020	0.000	0.000	0.000	-0.020
CES019	Reducing the learning and development budget , to reflect the increase in apprenticeships, e-learning and other on-the-job training.	-0.030	0.000	0.000	0.000	-0.030
CES020	Income generation across various Community and Environmental Services budgets.	-0.209	0.000	0.000	0.000	-0.209
		-1.905	-0.135	0.000	0.000	-2.040

2.9. Strategy and Governance

Strategy and Governance teams work collectively to support services to deliver operational excellence. The Department is focused on:

- embedding a new approach and way of working;
- providing strategic direction and clear governance;
- driving change, performance management and innovation; and
- delivering more efficient support to services, managers and staff

The Department's overall strategy reflects work to embed the four principles across the organisation and the approach to developing savings proposals has been based on:

- a **strategic** focus – advise and support the political and managerial leadership of the Council in their strategic role, and ensure effective governance and stewardship of its activities and resources.

- a **service** focus – support and enable transformation change as well as efficiently support operational delivery at departmental and service level.
- a **transactions** focus – provide responsive customer services, while achieving lower costs, through greater use of technology, simpler and more streamlined processes.

Table 7: Strategy and Governance proposals

Reference	Saving Title	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	Total £m
SGD001	Reviewing staffing and vacancies across Strategy and Governance to make savings by continuing to hold vacancies and seeking more opportunities to bring in project funding for staff, particularly in Strategic Services and Intelligence and Analytics.	-0.320	0.000	0.000	0.000	-0.320
SGD002	Reducing our spending on supplies and services by 5%.	-0.155	0.000	0.000	0.000	-0.155
SGD003	Reducing our spending on ICT.	-0.025	0.000	0.000	0.000	-0.025
		-0.500	0.000	0.000	0.000	-0.500

2.10. Finance and Commercial Services

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.

These objectives have informed the approach to identifying savings proposals which minimise the impact on front line services as set out below.

Table 8: Finance and Commercial Services proposals

Reference	Saving Title	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	Total £m
FCS001	Making a one-off saving from our organisational change and redundancy budgets.	-0.500	0.500	0.000	0.000	0.000
FCS002	Recognising additional income forecast from our business rates pilot.	-0.300	0.300	0.000	0.000	0.000
		-0.800	0.800	0.000	0.000	0.000

2.11. Council Tax 2020-21

The MTFs as approved by Members in February 2019 assumed a 1.99% increase in council tax for 2020-21. Following the announcement of further flexibility to raise the Adult Social Care (ASC) precept at the Spending Round 2019, it is assumed that the Government is planning for councils to raise council tax by 4% in 2020-21 (reflecting a 2% general increase and 2% from the ASC precept).

The Council's **budget planning will now therefore include an assumption for a 3.99% council tax increase in 2020-21**. Based on current tax base estimates, this would raise approximately £16.318m of additional funding for next year (made up of £8.152m general and £8.166m from the ASC precept). An increase of this level would represent a £54.27 increase in the Norfolk County Council Band D charge to £1,416.51 (increase of £27.11 to core council tax and £27.16 to the ASC precept)

After considering the currently available information, the Section 151 Officer anticipates recommending that Members agree the maximum council tax increase available within the referendum threshold. This reflects the levels of emerging service pressures, consideration of the robustness of the Council's overall 2020-21 budget, and the need to ensure that a resilient budget can be set in future years, taking into account the remaining uncertainty and significant risks around funding in 2021-22 and beyond.

Table 9: Latest Council Tax assumptions

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
General council tax	1.99%	1.80%	2.99%	2.99%	1.99%	1.99%
Adult Social Care precept	2.00%	3.00%	3.00%	0.00%	2.00%	0.00%
Total increase	3.99%	4.80%	5.99%	2.99%	3.99%	1.99%

2.12. Public Health

The 2019-20 Public Health Grant is £38.031m. The Spending Round 2019 indicated that Public Health grant would increase by inflation in 2020-21, with subsequent announcements suggesting an additional real terms increase of 1%. It is currently anticipated that any increase in Public Health grant will be required to meet inflationary cost and activity-driven pressures emerging across the services currently provided.

Public Health currently provides £2m of support using grant recurrently across the Council for Public Health related activity, which releases an equivalent saving within departmental budgets.

On the same basis, the Council's MTFS agreed in February assumed that £1.5m of savings within current Public Health budget activity would be identified in both 2020-21 and 2021-22 to enable an additional £3m in total of the Public Health grant to be reallocated to support existing / current activity within service budgets which delivers Public Health outcomes. This releases an equivalent saving within departmental budgets. Following a review of savings plans and the Council's overall funding position, it is proposed that the level of saving to be sought in 2021-22 be reduced by £1m as set out elsewhere in the report. This would result in an overall ongoing £4m of support being provided by Public Health from 2021-22.

The table below provides a summary of the proposed new 2020-21 use of Public Health grant, with the following table summarising how the required savings of £1.5m will be delivered within current Public Health activity.

Table 10: Proposed use of £1.5m in 2020-21

Service area	£m	Department
Children's Services 0-5 provision	0.670	Children's Services
Domestic abuse	0.060	Adult Social Services
Community Development Workers	0.300	Adult Social Services
Falls Prevention	0.200	Adult Social Services
Health at Work	0.040	Adult Social Services
Healthwatch	0.100	Community and Environmental Services
Libraries	0.130	Community and Environmental Services
Total	1.500	

Table 11: Public Health proposals 2020-21

Reference	Saving Title	2020-21 £m	2021-22 £m	2022-23 £m	Total £m
PHE001	Reviewing staffing and vacancies in public health to reduce budget in line with predicted spend	-0.100	-0.150	0.000	-0.250
PHE002	Adjusting the budget for our Healthy Lifestyles and Stop Smoking services in line with predicted take-up of services	-0.280	0.000	0.000	-0.280
PHE003	Review the sexual health services we commission and work better with providers to make services more efficient and reduce budget in line with predicted spend	-0.056	0.000	0.000	-0.056
	Total savings Public Health grant core budget	-0.436	-0.150	0.000	-0.586
PHE004	Use of reserves	-1.064	-0.350	0.000	-1.414
	Target	-1.500	-0.500	0.000	-2.000

2.13. **2020-21 Budget proposals requiring consultation**

Our budget proposals for 2020-21 assume that council tax will increase overall by 1.99%. As in previous years, we are inviting comments on this approach through our consultation hub on Citizen Space. In addition, following the Government's announcements as part of the 2019 Spending Round, we will be consulting on implementing a further 2% increase for the Adult Social Care precept.

We will publish our budget consultation 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.

As well as alerting key stakeholders to the consultation, we will promote opportunities for people to have their say on our budget proposals and council tax – through the Your Norfolk residents' magazine, news releases, online publications and social media. We will also engage closely with our partners as we further develop the proposals which will have particular implications for them.

Our consultation will take place between October and the end of the year. Consultation feedback on both individual budget proposals and council tax will be available for Cabinet to consider in January. We will also report on the impact assessments we are undertaking.

3. Impact of the Proposal

3.1. This paper sets out details of the Council's budget proposals for 2020-21, which will ultimately help to:

- shape service financial planning for the year to come;
- confirm the level of savings to be delivered in 2020-21;
- position the Council to respond positively to announcements made in the Spending Round 2019;
- contribute to the Council setting a balanced budget for 2020-21;
- inform development of the MTFS to 2023-24; and
- assist the Council in managing the significant future uncertainty around the Fair Funding Review, Business Rates Retention, and future funding levels as a whole.

3.2. Work is now underway across the Council to further develop the new saving proposals for implementation in 2020-21, subject to final decisions by Full Council in February 2020. These proposals will impact upon the nature and type of services delivered by the Council, as well as delivering transformation to underlying Council structures and operating models.

3.3. **Budget Timetable**

The remaining steps in the budget planning timetable for 2020-21 are set out below.

Table 12: Detailed Budget Planning Timetable 2020-21

Activity/Milestone	Time frame
Technical consultation on Local Government Settlement	TBC September 2019?
Cabinet considers full savings proposals and agrees proposals for public consultation	7 October 2019
Public consultation on 2020-21 Budget proposals and council tax options	Mid-October to mid-December 2019
Chancellor's Autumn Budget 2019 – including outcomes of Spending Review	TBC October / November 2019
Reporting to Cabinet as appropriate	November – December 2019
Provisional Local Government Finance Settlement announced including provisional council tax and ASC precept arrangements	TBC 5 December 2019
Cabinet considers outcomes of service and financial planning, EQIA and consultation feedback and agrees revenue budget and capital programme recommendations to County Council	13 January 2020
Final Local Government Finance Settlement	Late January / early February 2020
Scrutiny Committee 2020-21 Budget scrutiny	28 January 2020
Confirmation of District Council tax base and Business Rate forecasts	31 January 2020
County Council agrees Medium Term Financial Strategy 2020-21 to 2022-23, revenue budget, capital programme and level of council tax for 2020-21	17 February 2020

4. Evidence and Reasons for Decision

- 4.1. The Council is required to set a balanced Budget for 2020-21. The proposals set out within this report support the budget setting process and the setting of council tax for 2020-21. The need to identify savings is driven by both service cost pressures and the wider funding position of local government as set out elsewhere in the report. Taken as a whole, it is anticipated that the assumptions and proposals set out here will provide the Council with the scope to balance the Budget for 2020-21. However, this overall position will need to be kept under review as further announcements are made by Government in respect of the Autumn Budget, and the detailed allocations to local authorities within the Local Government Finance Settlement.

4.2. Robustness of the Budget

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).

These duties therefore 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. As a result, 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 reported to Members as part of the budget setting process in January and February 2020.

Taking this duty into account, along with the considerable uncertainty about funding levels after next year, the Executive Director of Finance and Commercial Services considers that the proposals set out in this report, and the substantial, sustainable savings developed for 2020-21 will help to establish a solid platform for the development of a robust budget in future years.

- 4.3. The Council needs to develop the 2020-21 Budget in a way which offers flexibility to respond to any changes in the wider environment and operating context. This reflects a prudent response to the challenges and uncertainties present in the 2020-21 planning process and will ultimately enable the Council to develop a robust budget for the year.

5. Alternative Options

- 5.1. This report forms part of the framework for developing detailed saving proposals for 2020-21 and at this stage it remains the case that no proposals have been agreed, meaning that a range of alternative options remain open.

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

- Adopting an alternative allocation of funding or savings between services;
- Considering alternative saving proposals, taking into account the time constraints required to develop proposals, undertake public consultation (where necessary), and meet statutory deadlines for the setting of council tax.
- Changing assumptions within the MTFS (including reducing assumptions about budget pressures or varying the level of council tax) and therefore altering the level of savings required.

Final decisions on the Budget will need to be taken in January and February 2020 informed by Local Government Finance Settlement figures, forecasts supplied by District Councils, and the findings of EQIA and public consultation activity.

The deliverability of all saving proposals will continue to be kept under review by the Section 151 Officer as further detailed implementation plans are developed and up until final budget setting proposals are presented to Cabinet in January 2020.

6. Financial Implications

- 6.1. This paper sets out details of proposals which will contribute to the Council's long-term financial sustainability and the setting of a balanced Budget for 2020-21. This includes the savings which will need to be delivered by each department to contribute to closing the 2020-21 budget gap, subject to formal recommendation by Cabinet in January 2020 for approval by Full Council in February.

In the event that additional budget pressures for 2020-21 emerge through the remainder of budget planning, there may be a requirement to identify further

savings for 2020-21. However, this risk has reduced following the Spending Round announcements described elsewhere in the report. Subject to the final details of the Local Government Finance Settlement and any other associated announcements, there may be some scope for proposals identified for 2020-21 to be deferred to help address the budget gap in 2021-22 and this will need to be kept under review throughout the budget process.

A number of significant financial implications have been described throughout the report.

7. Resource Implications

7.1. Staff:

A number of the specific proposals set out in this report will have various staffing implications and staff consultation will therefore need to be undertaken as appropriate as the proposals are further developed through the budget planning process.

7.2. Property:

A number of the specific proposals set out in this report will have various property implications including further disposal and rationalisation of certain properties. Consultation and engagement will therefore need to be undertaken as appropriate as the proposals are further progressed. In addition, existing saving plans include activities linked to property budgets and assumptions around levels of capital receipts to be achieved.

7.3. IT:

A number of the specific proposals set out in this report will have various IT implications, including the development, implementation and exploitation of new systems and approaches. Existing saving plans include activities linked to IMT budgets.

8. Other Implications

8.1. Legal Implications:

None specifically identified. This report forms part of the process to enable the Council to set a legal and balanced budget for 2020-21. Specific legal considerations apply to the requirements around the setting of council tax and undertaking public consultation and these will be addressed as part of that process.

8.2. Human Rights implications

None identified.

8.3. Equality Impact Assessment (EqIA)

Equality issues were considered in the Equality Impact Assessment of the 2019-20 Budget. A public consultation process on the Budget is proposed as set out elsewhere in this report. As in previous years, this public consultation will inform Equality and Rural Impact Assessments in respect of both new 2020-21 Budget proposals and the Council's Budget as a whole, prior to Member decision-making in January and February 2020.

No specific Equality Impact Assessment has been undertaken in respect of this report.

8.4. Health and Safety implications

None identified.

8.5. Sustainability implications

None identified.

8.6. Any other implications

Significant issues, risks, assumptions and implications have been set out throughout the report.

9. Risk Implications/Assessment

9.1. A number of risks have been set out throughout this report. Significant risks around budget setting were also detailed in the 2019-20 budget papers to County Council and these will continue to apply in 2020-21.

9.2. In spite of recent announcements, there remains some uncertainty about the level of funding for 2020-21 and in particular any reduction that will be faced in 2021-22. Any over-identification of savings for 2020-21 will support in addressing the 2021-22 saving gap.

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

- RM002 - The potential risk of failure to manage significant reductions in local and national income streams.
- RM006 - The potential risk of failure to deliver our services within the resources available over the next 3 years commencing 2018-19 to the end of 2020-21.

9.4. Chief Officers have responsibility for managing their budgets within the amounts approved by County Council. Chief Officers will take measures throughout the year to reduce or eliminate potential over-spends.

10. Select Committee comments

10.1. None identified at this point.

11. Recommendation

11.1. Cabinet considers the recommendations as set out in the Executive Summary.

12. Background Papers

12.1. Caring for our County, the vision for Norfolk: [Link](#)
Together, For Norfolk – an ambitious plan for our County 2019-2025: [Link](#)
County Council Budget 2019-20, 11 February 2019: [Link](#)
Budget Book 2019-20: [Link](#)
Strategic and Financial Planning – Business Planning and Budget
2020-21, 20 May 2019 Cabinet Paper (Item 9): [Link](#)
Finance Monitoring Report 2019-20 (on this agenda)

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