



**Norfolk** County Council

# BUDGET BOOK 2023-27

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## NORFOLK COUNTY COUNCIL – OVERVIEW

We spend **£1.803 billion** on our priorities, of which £0.407 billion is spent directly by schools.

As the largest democratic body in Norfolk, the County Council plays a leading role in ensuring that Norfolk has a growing economy, thriving people, and strong communities by giving the people we serve every opportunity to improve their lives.

The Council's Budget and Medium Term Financial Strategy are informed by the Council's strategy, [\*Better Together, for Norfolk\*](#), which represents the Council's strategic 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

The Council's [\*Corporate Delivery Plan\*](#), reflects these five strategic priorities and is focused on the Council's most significant activities, including those which "*support the delivery of the outcomes and objectives in our strategy, and our Medium-Term Financial Strategy.*" It also covers Operational Effectiveness and details the work which aims to transform the Council – our property, technology, ways of working, engagement, and workforce.

Along with the Budget, both of these were also informed by [\*Together, for Norfolk\*](#), the County Council's plan for 2019-2025.

## INTRODUCTION

### EXECUTIVE DIRECTOR OF FINANCE AND COMMERCIAL SERVICES



*Simon George  
Executive Director of  
Finance and  
Commercial Services*

The 2023-24 Budget represents the last of the eight budgets that I will have overseen during my time as the Council's Section 151 Officer. Looking back at the first of these, my introduction to the 2016-17 Budget talked about local government being on “*a journey to greater financial independence from central government, through planned business rates localisation, a slight relaxation of controls over council tax, and the announcement of four year funding allocations to 2019-20.*” It certainly feels like calls for greater freedom from central government remain high on the local government wish list, and so I will perhaps leave it to others to judge how far we have truly progressed on this journey. In spite of this, in Norfolk I believe we have seen some genuine progress towards devolution with the proposed County Deal representing a real opportunity for the County as a whole.

Another constant is the fact that the Budget represents the financial expression of the Council's priorities and strategy, in this case the five priorities set out in the [\*Better Together, For Norfolk\*](#) strategy, which lie at the heart of Norfolk County Council's 2023-24 Budget. These priorities – **a vibrant and sustainable economy; better opportunities for children and young people; healthy, fulfilling and independent lives; strong, engaged and inclusive communities; and a greener, more resilient future** – remain clearly embedded in our spending plans, with a focus on delivering our ambitions for the county, its people, communities, and businesses.

In the time I have been with the Council, we have confronted several “once in a lifetime” events in rapid succession – leaving the EU, the COVID-19 pandemic, the war in Ukraine, and the cost of living crisis. The Council's ability to respond to these challenges, while continuing to provide vital services across the county, including to the most vulnerable members of our society, is absolutely vital. If recent years have shown us anything, it is that perhaps the one thing we can be sure about is that there will be more of these in future, but that with a solid financial foundation, the County Council is well placed to respond to them.

So, as we enter 2023-24, the Council continues to deal with key cost pressures including population changes, social, economic and health inequalities, rising demand for services and support, workforce challenges in key sectors such as the care market, government policy changes, funding uncertainty and the impact of continued financial constraints. All of this forms the backdrop for the preparation of the 2023-24 Budget set out in this Budget Book. In this context, the 2023-24 Budget has been developed to provide a robust platform for the future, addressing the multiple impacts of rising budget pressures, challenges in delivering saving proposals, and uncertainty over income streams including Government funding. The 2023-24 Budget sees the Council continuing to make significant investments into maintaining levels of service delivery, while balancing the budget for the year as it is required to.

When setting the 2023-24 Budget, the Council agreed a council tax increase of 4.99% (2.99% general and 2.00% for the adult social care precept), which is within the referendum limits defined by Government for the year. In deciding on the level of council tax, Members have been extremely conscious of the significant cost of living pressures being faced by many local taxpayers, and the need to balance these considerations with ensuring that the Council is financially resilient and has the resources necessary to deliver key services and react to future funding changes.

As in previous years, the Council's Capital Programme of £956.971m for 2023-27+ includes essential investment in the provision of vital infrastructure and supports the delivery of our future budget strategy. The capital programme remains central to the continued development of key services: enabling the transformation of social services to meet growing need, promoting regeneration and sustainable development, enabling the development of carbon reduction initiatives, generating efficiencies using information technology and making provision for the continuation of development of our libraries into local multi-service hubs.

- The existing programme includes major projects such as:
  - Schools basic need and capital maintenance
  - Living Well - Homes for Norfolk: to develop extra care housing in Norfolk
  - SEND transformation to create 500 extra specialist school places
  - Great Yarmouth Third River Crossing
  - Norwich Western Link
  - Transport capital maintenance
  - Better Broadband for Norfolk
- New schemes to be added in the 2023-24 Budget total £35.056m, and include:
  - County Farms refurbishment and carbon reduction schemes (£9.4m)
  - The rolling Technology Improvement programme (£8.2m)
  - Scottow Enterprise Park refurbishment (£8.6m)
  - Estate Buildings Decarbonisation initiatives (£4m)
  - Highways improvements (£2.5m)
  - Fire and Rescue services equipment and site improvements (£1.2m)
  - Expansion of waste recycling sites and services (£0.51m)
  - One Million Trees for Norfolk (£0.5m)

When new schemes are added to the existing £916.781m programme for future years, the future capital programme totals **£956.971m**.

Looking ahead, the budget gap for 2024-25 identified in the updated Medium Term Financial Strategy is **£46m**, and while this is lower than the gap closed for 2023-24, it remains prudent to begin planning for next year as early as possible. However, the Council has a strong track record of balancing the Budget and I am therefore confident that I leave it well placed to tackle these future challenges. Other than wishing the best of luck to the Council's employees, and the residents and business we serve, I have nothing further to add...



**Simon George**

## BUDGET OVERVIEW 2023-24

Please note that some tables in this document unavoidably contain Intentionally blanks. These have been minimised as far as possible to maximise accessibility of the document.

Please also note that the budget totals have been updated for the departmental changes agreed at February's [Employment Committee](#). This reflects changes arising from the transfer of whole services from the Finance and Commercial Services budget into other Departments from April 2023, following the departure of the Executive Director of Finance and Commercial Services. These include the following transfers:

- Public Health to Adult Social Services
- Governance to Strategy and Transformation
- Procurement to Community and Environmental Services
- Corporate Property Team to Community and Environmental Services
- IMT to Strategy and Transformation
- The merger of residual Finance and Commercial Services budget and Finance General to create a new "Finance" budget.

The departmental totals shown in this Budget Book will therefore differ from those in the [budget papers to Full Council in February 2023](#) as set out in the table below.

**Table 1: 2023-24 Budget restructuring adjustments between Full Council and Budget Book position**

Department	Adult Social Services	Children's Services	Community and Environmental Services	Strategy and Transformation	Finance and Commercial Services	Finance General	Total
Value	£m	£m	£m	£m	£m	£m	£m
Net Budget 2023-24 as per Full Council February 2023	249.481	232.593	177.109	12.761	35.793	-214.029	<b>493.707</b>
Public Health – transfer to ASS	0.045	0.000	-0.045	0.000	0.000	0.000	<b>0.000</b>
Corporate Property Team – transfer to CES	0.000	0.000	13.303	0.000	-13.303	0.000	<b>0.000</b>
Procurement – transfer to CES	0.000	0.000	1.388	0.000	-1.388	0.000	<b>0.000</b>
IMT – transfer to S&T	0.000	0.000	0.000	10.180	-10.180	0.000	<b>0.000</b>
Combine FCS and Finance General to create Finance	0.000	0.000	0.000	0.000	-214.029	214.029	<b>0.000</b>
<b>Total Net Budget</b>	<b>249.526</b>	<b>232.593</b>	<b>191.754</b>	<b>22.941</b>	<b>-203.107</b>	<b>0.000</b>	<b>493.707</b>

At the whole Council level, the changes are net nil. It should be noted that there will be further 2023-24 budget changes (below whole service level) as a result of the detailed implementation of the Strategic Review, but these will be completed as in-year 2023-24 budget adjustments when the final details are known. Overall, these are also expected to be net nil at the whole Council level.

**Table 2: 2023-24 Gross Revenue Budget**

<b>Income</b>	<b>£m</b>
Schools	407.349
Council Tax	493.707
Business Rates	193.925
Interest Receipts and Other Income	176.908
Sales, Fees and Charges	130.571
Government Grants	267.863
Other Grants, Reimbursements and Contributions	132.967
<b>Total</b>	<b>1,803.289</b>

<b>Expenditure – Departmental Gross Budgets</b>	<b>£m</b>
Adult Social Services	594.692
Children's Services (Non-Schools)	299.730
Community and Environmental Services	331.054
Strategy and Transformation	45.869
Finance	122.239
Schools	409.706
<b>Total</b>	<b>1,803.289</b>

<b>Expenditure – Subjective Analysis</b>	<b>£m</b>
Employee Expenses	599.633
Premises	39.889
Transport	80.400
Supplies and Services	147.749
Agency and Contract Services	688.739
Transfer Payments	36.282
Support Services	1.492
Capital Financing	127.234
Exp Departmental Recharges	81.872
<b>Total</b>	<b>1,803.289</b>

Note: Departmental gross expenditure in the table above excludes internal recharges.

## THE BUDGET IN CONTEXT

### KEY FACTS

Norfolk County Council has a **gross budget** for 2023-24 of **£1,803m** (£1,394m excluding schools). Just over a fifth of the budget is passed to schools, which have discretion over their own spending.

The Council has a **net budget** for 2023-24 of **£493.707m**. This is the amount we raise in Council Tax to fund the services we provide.

For 2023-24, the Council approved **an increase in council tax of 4.99%**. This includes an increase of 3% for general council tax, and 2% for the Adult Social Care (ASC) precept.

Norfolk County Council previously froze council tax for five years between 2010-11 and 2015-16, then raised it by 3.99% (including 2% for the ASC precept) in 2016-17, 4.8% (including 3% for the ASC precept) in 2017-18, 5.99% (including 3% for the ASC precept) in 2018-19, 2.99% in 2019-20, 3.99% in 2020-21 (including 2% for the ASC precept), 3.99% in 2021-22 (including 2% for the ASC precept), and 2.99% in 2022-23 (including 1% for the ASC precept).

A **Band D** household pays **£1,592.64** per year or approximately **£31** a week for County Council services in 2023-24.

The County Council has agreed a **Capital Strategy and Programme** totalling **£1,241m** for 2022-23 to 2026-27.

### LOOKING AHEAD: 2024-25 TO 2026-27

The Council's budget forecasts a **remaining shortfall of £126.522m**, which will need to be addressed in the period 2024-27 (see Table 10).

In spite of the local government finance [Policy Statement](#) published by the Department for Levelling Up, Housing and Communities (DLUHC) for 2023-24 to 2024-25, the Council continues to face a high level of uncertainty around future Government funding decisions. Delay of the Fair Funding Review until 2025-26 at the earliest and lack of multi-year settlement, results in Council funding remaining the subject of very considerable uncertainty and although reflected as far as possible in the Council's 2023-24 planning processes, these impacts will need to be refined as further information is made available by Government.

As always, the Government's decisions about Council funding in 2024-25 will be hugely significant. The continuing course of the national (and global) economy, Government spending, local government funding reform, and other changes may all offer opportunities to adequately fund local authorities to provide vital services and contribute towards national priorities. To date, Social Care funding reform announcements do not represent the comprehensive solution to funding challenges which might have been hoped for. Any changes in Government funding could have a material impact on both the level of savings to be identified, and the Council's wider budget process in future years. Fundamentally there remains a critical need for a larger quantum of funding to be provided to local government to provide a sustainable level of funding for future years.

## FUNDING REDUCTIONS AND BUDGET PRESSURES 2011-2024

### GOVERNMENT FUNDING

Between 2011 and 2020, Norfolk County Council's settlement funding assessment (SFA) from the Government was cut by £220m. The period of significant cuts to core funding ended after 2019-20. However, material and ongoing unfunded cost pressures mean that this has not resulted in an end to the requirement to find budget savings year on year.

**Table 3: Illustrative Core Spending Power**

Core Spending Power	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
Settlement Funding Assessment	191.343	194.461	194.679	195.903	205.875
Compensation for business rates multiplier	4.971	6.213	8.077	15.844	27.394
Council Tax Requirement	402.362	423.717	442.861	462.203	491.501
Improved iBCF	34.275	38.454	38.454	39.619	39.619
New Homes Bonus	2.926	2.934	2.269	1.833	0.628
Rural Services Delivery Grant	3.981	3.981	4.178	4.178	4.670
Winter Pressures Grant	4.179	0.000	0.000	0.000	0.000
Social Care Support Grant	7.139	0.000	0.000	0.000	0.000
Social Care Grant	0.000	24.755	30.342	41.495	66.525
Market Sustainability	0.000	0.000	0.000	2.821	9.785
ASC Discharge Fund	0.000	0.000	0.000	0.000	5.554
Services Grant	0.000	0.000	0.000	10.687	6.270
Grants rolled in	1.379	1.379	1.379	1.402	0.000
<b>Total</b>	<b>652.554</b>	<b>695.894</b>	<b>722.238</b>	<b>775.984</b>	<b>857.820</b>

Note: Core Spending Power figures include Government assumptions around taxbase increases and increases in the level of council tax. The Council tax requirement figures therefore do not match the levels of council tax local authorities actually raise through the precept.

## SAVINGS AND EFFICIENCIES

Over the period 2011-12 to 2023-24 the Council has budgeted for savings of **£565m**. The Council has a strong track record of achieving planned savings with 87% of all savings delivered in the period 2011-12 to 2021-22. The percentage achievement of savings in each year is shown in the table below. The lower level of delivery in 2020-21 reflects the impact of COVID-19 on savings plans, this was mitigated by other unbudgeted savings achieved through changed and different activity levels, and Government compensation provided to support local authority budgets.

**Table 4: Savings and efficiencies since 2011-12**

Year	Budgeted Savings £m	Actual Savings £m	Savings achieved %
2011-12	59.838	61.764	103%
2012-13	44.509	45.403	102%
2013-14	34.241	30.582	89%
2014-15	69.267	62.428	90%
2015-16	36.721	23.045	63%
2016-17	41.419	34.080	82%
2017-18	47.774	42.902	90%
2018-19	29.999	25.502	85%
2019-20	31.605	26.853	85%
2020-21	40.244	22.989	57%
2021-22	41.179	37.349	91%
2022-23	28.434	TBC	TBC
2023-24	59.703	TBC	TBC
<b>Total</b>	<b>564.933</b>	<b>412.897</b>	<b>N/a</b>

## ADDITIONAL COSTS

During the same period, we have had to fund additional costs of **£816m**.

**Table 5: Additional costs since 2011-12**

Year	Inflation £m	Demand / Demographic £m	Legislative Requirements £m	NCC Policy £m	Total Cost Pressures £m
2011-12	16.058	21.728	13.126	6.996	<b>57.908</b>
2012-13	13.959	13.360	2.074	13.631	<b>43.024</b>
2013-14	14.053	10.635	2.305	19.067	<b>46.060</b>
2014-15	14.260	8.867	11.590	28.963	<b>63.680</b>
2015-16	10.904	21.230	13.113	-16.712*	<b>28.535</b>
2016-17	7.886	6.324	20.678	2.500	<b>37.388</b>
2017-18	9.661	16.194	11.109	5.622	<b>42.586</b>
2018-19	15.366	21.461	11.990	18.249	<b>67.066</b>
2019-20	15.806	24.698	15.155	-2.149*	<b>53.509</b>
2020-21	16.386	23.755	7.995	33.207	<b>81.343</b>
2021-22	17.730	13.097	10.462	53.976	<b>95.265</b>
2022-23	23.144	27.025	16.713	-15.875*	<b>51.007</b>
2023-24	41.124	20.898	31.069	55.746	<b>148.837</b>
<b>Total</b>	<b>216.337</b>	<b>229.272</b>	<b>167.379</b>	<b>203.220</b>	<b>816.208</b>

Note: \*The 2015-16, 2019-20 and 2022-23 NCC Policy pressures are negative figures which decrease the budget. This reflects the reversal of one-off investments and use of reserves.

The level of cost pressures experienced in 2023-24 was materially higher than in previous years, reflecting overall rates of inflation, including in particular rates on energy and fuel, and the wider cost of living crisis.

## COUNCIL TAX - £494M

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

Council tax is not directly linked to specific areas of expenditure but enables the delivery of all of the Council's key services across the county. These include services for adults and children, environmental management, maintaining highways, economic development activities, fire and rescue services, museums and libraries, as well as support services within the Council such as procurement, Information Management and Technology (IMT), HR and finance which enable effective front-line delivery. From 2016-17, the Government has offered an Adult Social Care precept which enables relevant councils to raise additional council tax specifically to fund adult care services.

### ADULT SOCIAL CARE PRECEPT AND COUNCIL TAX ASSUMPTIONS

The Adult Social Care (ASC) precept has been available to councils with responsibilities for social care since the 2016-17 financial year. The precept is over and above the existing council tax referendum limit and is to be used exclusively to fund Adult Social Care.

The precept was initially made available as an increase of 2% on council tax each year in the period 2016-17 to 2019-20. Government subsequently provided greater flexibility for the precept to be increased by up to 3% in both 2017-18 and 2018-19, but the precept increase, however it was applied within the criteria, was limited to a maximum of 8% over the period 2016-17 to 2019-20.

Since 2019-20, Government has set the precept flexibilities on an annual basis as follows:

- 2020-21: 2%
- 2021-22: 3% (with an option for some or all of the precept to be deferred to 2022-23). Members chose to split the available 3% adult social care precept increase with 2% applied in 2021-22 and 1% in 2022-23.
- 2022-23: 1%, which could be taken in addition to the deferred element of the 2021-22 amount (1%).

For 2023-24 the Government announced a core council tax referendum principle of 3% and an additional 2% adult social care precept. The Policy Statement also indicates that the same principles will be applied for 2024-25.

The table below sets out the County Council's assumptions about general council tax and the Adult Social Care precept in the Medium Term Financial Strategy.

**Table 6: Council Tax and Adult Social Care precept assumptions**

Council Tax and Adult Social Care precept assumptions	2023-24	2024-25	2025-26	2026-27
Assumed increase in general council tax	2.99%	2.99%	1.99%	1.99%
Assumed increase in Adult Social Care precept	2.00%	2.00%	1.00%	0.00%
<b>Total assumed council tax increase</b>	<b>4.99%</b>	<b>4.99%</b>	<b>2.99%</b>	<b>1.99%</b>

Norfolk County Council has approved an increase in council tax of 4.99% for 2023-24. The increased council tax in 2023-24 means local taxpayers will contribute £493.707m to County Council services for the year. An average (Band D) property pays around £31 a week (£1,592.64 a year) for the County Council element of council tax (including the Adult Social Care precept).

The 2023-24 council tax includes a precept to fund adult social care. The breakdown of council tax for a Band D property in 2023-24 is shown in the following table.

**Table 7: Breakdown of Band D Council Tax and change 2022-23 to 2023-24**

<b>Norfolk County Council Share Band D</b>		<b>£</b>
2022-23 Total council tax		1,516.95
<i>Of which general council tax</i>		1,350.81
<i>Of which Adult Social Care precept</i>		166.14
General council tax increase 2023-24 (£1,516.95 x 3%)		45.45
Adult Social Care precept 2023-24 increase (£1,516.95 x 2%)		30.24
<b>2023-24 Total council tax</b>		<b>1,592.64</b>
<i>Of which general council tax</i>		1,396.26
<i>Of which Adult Social Care precept</i>		196.38

Note: The increase in the general council tax and the Adult Social Care precept is calculated based on the **total** Band D council tax charged by Norfolk County Council in 2022-23 (i.e., a 4.99% increase on £1,516.95).

## HOW IS COUNCIL TAX CALCULATED?

The number of properties in each council tax band and in each district is converted into Band D equivalent properties and this gives us our council tax base.

The council tax base is then multiplied by the Band D amount (£1,592.64) to calculate the precept. The number of properties and the precept generated in each district is shown in Table 8 below, alongside the County's share of their collection fund surplus or deficit.

**Table 8: Split of council tax 2023-24 precept by billing authority**

Council	Tax Base (Number of Band D equivalent properties)	Precept £	Share of Collection Fund surplus / (deficit) £	Total payments due £
Breckland District Council	45,925.50	73,142,788	1,010,072	74,152,860
Broadland District Council	48,127.00	76,648,985	290,248	76,939,233
Great Yarmouth District Council	29,851.00	47,541,897	265,746	47,807,643
King's Lynn and West Norfolk Borough Council	52,984.40	84,385,075	-84,480	84,300,595
North Norfolk District Council	41,085.85	65,434,968	72,648	65,507,616
Norwich City Council	38,260.00	60,934,406	153,616	61,088,022
South Norfolk District Council	52,335.00	83,350,814	560,247	83,911,061
<b>Total</b>	<b>308,568.75</b>	<b>491,438,934</b>	<b>2,268,097</b>	<b>493,707,031</b>

#### THE COLLECTION FUND

Local authorities are statutorily required to account for both council tax and business rates income in a "Collection Fund". This is a separate accounting statement prepared by each billing authority (district council), which sets out the amounts that each billing authority forecasts to collect and how that has been distributed. From a budgeting perspective, councils recognise the forecast amount each year, with any actual surplus or deficit in the income collected being carried forward to the following year.

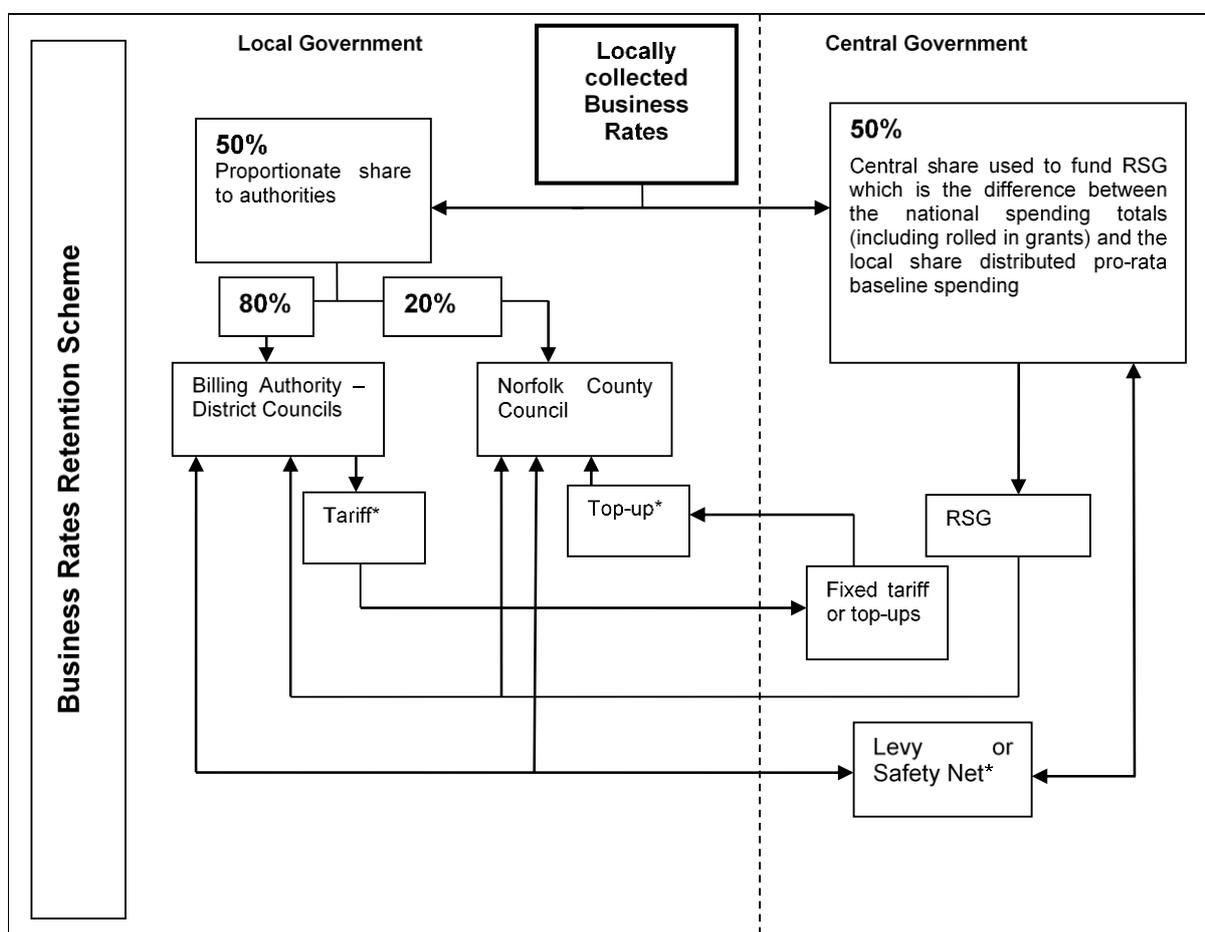
## BUSINESS RATES - £194M

The Local Government Finance Act 2012 introduced changes to the funding system for local government. Since April 2013, councils have no longer received Formula Grant, but instead received funding from a mix of locally retained business rates and government grants that are allocated from centrally retained business rates.

The business rates retention scheme provides incentives for local authorities to increase economic growth, through retention of a share of the revenue generated from locally collected business rates. The scheme does not alter the way that business rates are set, as they continue to be controlled nationally by central government.

Figure 1 shows how this works within Norfolk, a two tier area before the impact of any Business Rate Pool is included.

**Figure 1: Business Rates Retention Scheme (BRRS)**



Note: \* see below for description of tariff, top-up and levy

## LEVY

A levy is payable to central government on any increase in business rates growth over and above the baseline funding level. The levy rate for all Norfolk district authorities is 50%.

## TARIFF AND TOP-UP

In two tier areas such as Norfolk, the upper tier authority, in this case Norfolk County Council, will receive a top-up from the Government and the district authorities will pay a tariff to central government. Tariff and top-up payments are designed to realign business rates baselines with assessed need.

## BUSINESS RATES POOL

The scheme allows councils to pool business rate resources where it makes local economic sense to do so. The creation of a pool within a two tier area can reduce or remove the levy on business rates growth paid to the Government by billing authorities. With the pool levy rate of 0%, no levy payment is made to central government, any increase in business rates growth over and above the baseline funding level remains in Norfolk.

Central government sees the pool as one authority, paying the lead authority (Norfolk County Council) a top-up of throughout the year. The district authorities pay tariffs to the lead authority throughout the year just as they would have done to central government had they not pooled.

For 2023-24, Norfolk councils have established a business rates pool with the following membership:

- Breckland District Council
- Broadland District Council
- Great Yarmouth Borough Council
- Borough Council of Kings Lynn and West Norfolk
- Norfolk County Council
- North Norfolk District Council
- Norwich City Council
- South Norfolk District Council

The saved levy from pooling is held by the lead authority. The first call on the levy is to fund potential safety-net payments. If an authority sees retained funding (after payment of tariff or receipt of top-up) lower than 92.5% of their baseline funding level they would be due a safety-net payment from central government.

However, as central government sees the pool as one authority, authorities in a designated pool forego their individual safety-net payment. This is the financial risk of pooling should retained rates outturn not be as high as forecast.

Any remaining saved levy after safety-net payments will then be distributed among the Norfolk local authorities in the pool, on the basis set out in the pool's governance agreement.

## THE BUDGET 2023-27

### HOW TO USE THE BUDGET BOOK

The following sections of this Budget Book provide details of the approved budget for 2023-24 and indicative budgets for 2024-25, 2025-26 and 2026-27, alongside details of key supporting documents used in setting the budget.

This Budget Book is based on the following\* full budget reports presented to County Council on 21 February 2023:

- Norfolk County Council Revenue and Capital Budget 2023-24 to 2026-27
- Norfolk County Council Revenue Budget 2023-24 and Medium Term Financial Strategy 2023-27
- Capital Strategy and Programme 2023-24
- Annual Investment and Treasury Strategy 2023-24

The original versions of these reports can be accessed [here](#)<sup>1</sup> (see Agenda Item 5).

\* Please note that the budget totals have been updated for the departmental changes agreed at February's [Employment Committee](#). This reflects changes arising from the transfer of whole services from the Finance and Commercial Services budget into other Departments from April 2023, as [described previously](#). The departmental totals shown in the Budget Book will therefore differ from those in the [budget papers to Full Council in February 2023](#)

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<sup>1</sup><https://norfolkcc.cmis.uk.com/norfolkcc/CalendarofMeetings/tabid/128/ctl/ViewMeetingPublic/mid/496/Meeting/1949/Committee/2/Default.aspx>

## REVENUE BUDGET 2023-27

At its meeting on 21 February 2023, the County Council agreed the following:

- A net revenue budget of **£493.707m** for 2023-24.

Including:

- Savings of £59.703m (plus increased funding of £71.465m);
  - Additional costs of £148.837m (plus funding reductions of £11.916m); and
  - Cost neutral increases and decreases of £4.692m.
- A capital programme of £1,240.555m for 2022-27.
  - A minimum level of general balances of £25.340m in 2023-24, £26.590m in 2024-25, £27.840m in 2025-26 and £29.090m in 2026-27.
  - Total earmarked reserves (excluding schools) of £116.424m forecast as at 31 March 2023, £76.728m as at 31 March 2024, £65.101m as at 31 March 2025, £64.295m as at March 2026 and £64.351m as at 31 March 2027.
  - An increase in Council Tax for 2023-24 of 4.99% (including 2% for the Adult Social Care precept).

**Table 9: Summary of net budget changes for 2023-24**

Department	2022-23 Base Budget £m	Budget increase including costs and funding decreases £m	Budget decrease including savings and funding increases £m	2023-24 Recommended Budget before cost neutrals £m	Cost neutral changes £m	2023-24 Base Budget £m
Adult Social Services	263.193	50.206	-64.210	249.189	0.337	249.526
Children's Services	189.065	55.187	-12.517	231.735	0.858	232.593
CES	180.269	21.165	-10.904	190.530	1.224	191.754
Strategy and Transformation	20.123	4.535	-2.542	22.116	0.824	22.941
Finance	-188.527	29.659	-40.995	-199.864	-3.243	-203.107
<b>Total</b>	<b>464.123</b>	<b>160.753</b>	<b>-131.169</b>	<b>493.707</b>	<b>0.000</b>	<b>493.707</b>

The Council agreed that further plans to meet the projected budget shortfalls in the period 2024-25 to 2026-27 should be developed to be brought back to Members during 2023-24.

**Table 10: Summary of pressures and savings 2023-27**

Pressures and savings	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Cost pressures	148.837	75.157	58.143	62.381
Funding decreases	11.916	7.640	0.000	0.000
Savings identified	-59.703	6.197	-0.669	-2.285
Funding increases	-71.465	-15.364	0.000	0.000
Change in Council Tax / Taxbase / Collection Fund	-29.584	-27.414	-20.949	-16.316
<b>Remaining gap</b>	<b>0.000</b>	<b>46.216</b>	<b>36.526</b>	<b>43.781</b>

WHERE THE MONEY IS SPENT – SERVICE ANALYSIS OF THE 2023-27 BUDGET

**Table 11: Summary of net income and expenditure by service 2023-27**

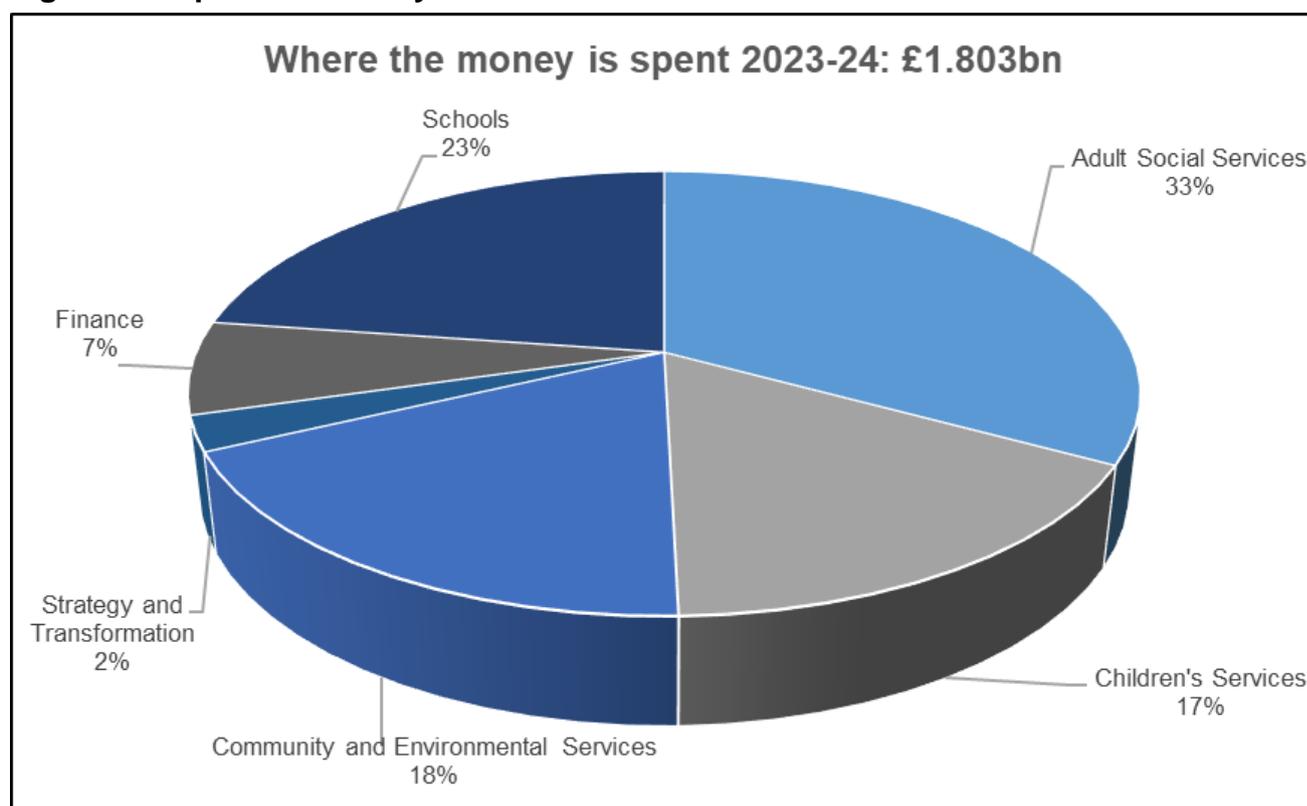
Department	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Adult Social Services	249.526	256.555	269.342	282.680
Children's Services	232.593	248.053	258.194	268.118
Community and Environmental Services	191.754	199.830	207.359	214.335
Strategy and Transformation	22.941	23.675	24.828	25.935
<b>Finance – detail analysis:</b>				
Finance expenditure	122.264	155.919	181.756	210.511
Government grants	-56.774	-56.146	-56.146	-56.146
Business Rates	-193.925	-193.925	-193.925	-193.925
Other grants, reimbursements and contributions	-2.078	-2.080	-2.083	-2.085
Sales, fees and charges	-72.594	-64.544	-64.514	-64.514
Interest receipts and other income	249.526	256.555	269.342	282.680
<b>Net Expenditure</b>	<b>493.707</b>	<b>567.337</b>	<b>624.811</b>	<b>684.908</b>
Financed by Council Tax	-493.707	-521.121	-542.070	-558.386
<b>Cumulative Gap</b>	<b>0.000</b>	<b>46.216</b>	<b>82.741</b>	<b>126.522</b>

**Table 12: Summary of 2023-24 gross income and expenditure by department**

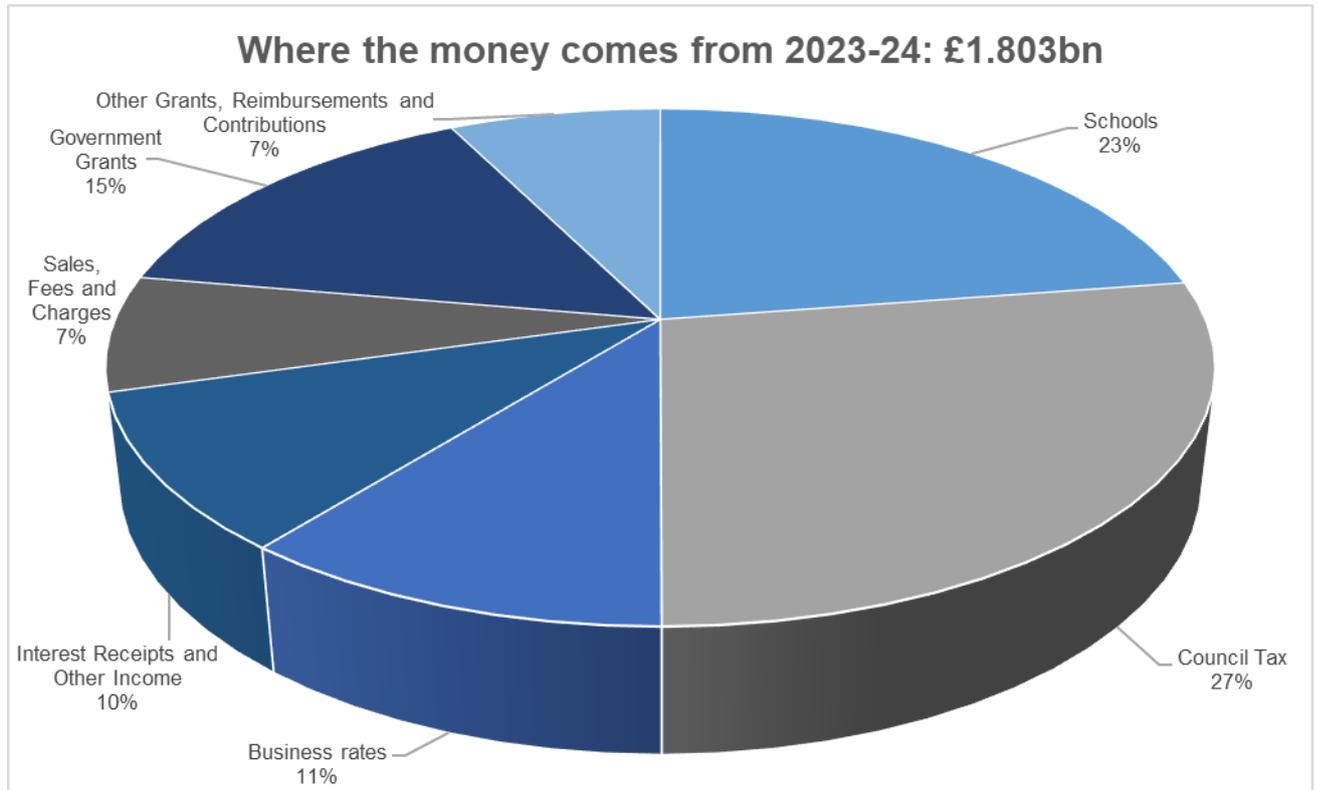
Gross income and expenditure by department (excluding internal recharges)

Department	Gross Expenditure £m	Gross Income £m	Net Budget £m
Adult Social Services	594.692	-345.165	249.526
Children's Services	709.436	-476.843	232.593
Community and Environmental Services	331.054	-139.305	191.749
Strategy and Transformation	45.869	-22.898	22.971
Finance	122.239	-325.371	-203.132
<b>Total</b>	<b>1,803.289</b>	<b>-1,309.582</b>	<b>493.707</b>

**Figure 2: Expenditure analysis 2023-24**



**Figure 3: Income analysis 2023-24**

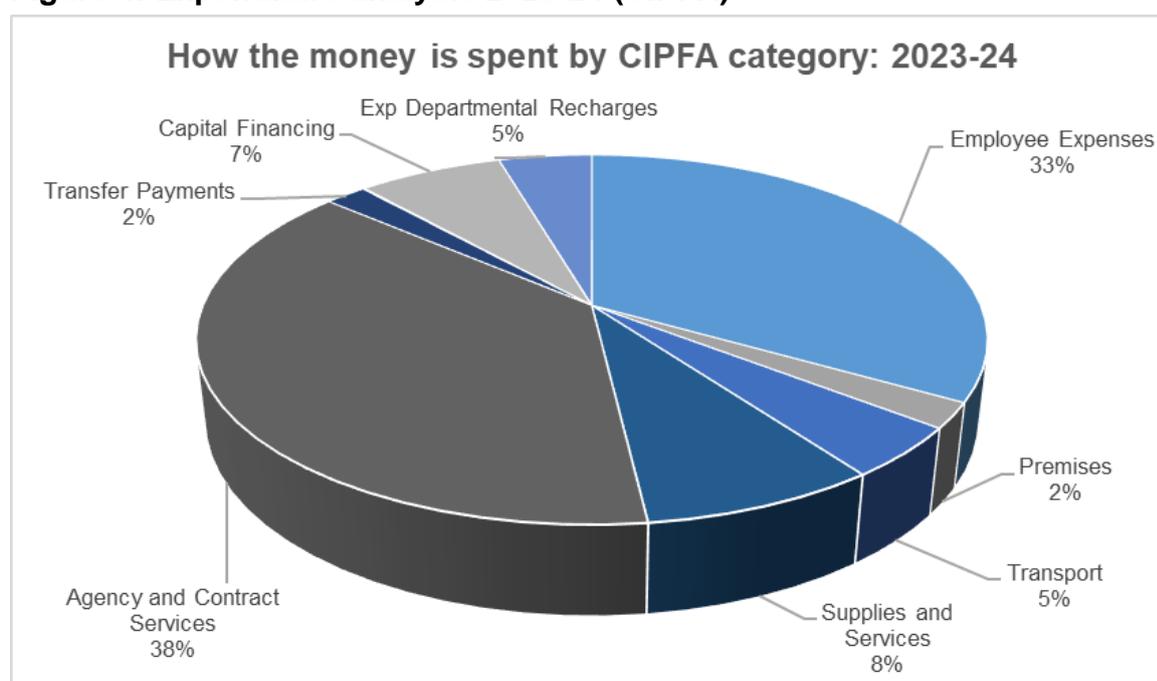


HOW THE MONEY IS SPENT – SUBJECTIVE ANALYSIS 2023-27 BUDGET

Table 13: Analysis of the budget by spending and income type

Spending and Income Type	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Employee Expenses	599.633	606.750	614.626	624.815
Premises	39.889	40.211	40.569	40.902
Transport	80.400	86.927	88.584	90.274
Supplies and Services	147.749	173.169	205.250	237.491
Agency and Contract Services	688.739	703.727	718.182	733.334
Transfer Payments	36.282	37.007	37.748	38.503
Support Services	1.492	1.534	1.578	1.622
Exp Departmental Recharges	81.872	85.456	85.297	86.708
Capital Financing	127.234	131.931	133.651	135.605
<b>Total Expenditure</b>	<b>1,803.289</b>	<b>1,866.712</b>	<b>1,925.484</b>	<b>1,989.254</b>
Government Grants	-833.934	-847.242	-847.242	-847.242
Other Grants, Reimbursements and Contributions	-166.888	-137.527	-136.797	-136.797
Customer and Client Receipts	-131.113	-133.880	-136.203	-138.542
Interest received	-4.626	-4.626	-4.626	-4.626
Corporate Recharges (including Capital Finance)	-71.053	-71.053	-71.054	-71.055
Inc Departmental Recharges	-101.969	-105.046	-104.751	-106.084
Council Tax	-493.707	-521.121	-542.070	-558.386
<b>Total Income</b>	<b>-1,803.289</b>	<b>-1,820.496</b>	<b>-1,842.743</b>	<b>-1,862.732</b>
<b>Cumulative Gap</b>	<b>0.000</b>	<b>46.216</b>	<b>82.741</b>	<b>126.522</b>

Figure 4: Expenditure analysis 2023-24 (CIPFA)



## COST PRESSURES 2023-27

**Inflationary pressures: £41.124m 2023-24, £25.471m 2024-25, £22.736m 2025-26, £23.293m 2026-27**

Pay inflation has been assumed at 3% for 2023-24 to 2026-27, with a 2% contingency in 2023-24 and 1% in 2024-25. The County Council is currently part of the national agreement and therefore pay awards for 2023-24 onwards will be determined by any agreements reached. Every 1% variation in pay amounts to around £3m for the council. There is therefore a risk that pay awards could vary from this assumption over the planning period.

A significant proportion of the Council's services continues to be delivered externally to the County Council – through partners, private sector contracts, and via the council's own companies (including Norse). This means that contractual arrangements are a key driver of the Council's cost pressures. A significant proportion of the Council's spend is via third party contracts and the effective management of these contracts to ensure both value for money and proper standards of service, is critical. While difficult to identify separately, inflationary price rises are being driven by a range of factors including exceptional increases in fuel and energy costs. Many of the Council's contracts are linked to specific inflation rates such as CPI or RPI and inflationary price rises are being experienced as a result of this. The level of inflation pressure in 2023-24 is materially higher than that seen in previous years and reflects the wider economic climate. The MTFs anticipates inflation to return to a more "normal" level in 2024-25 and this will be kept under review as part of budget planning.

**Demographic pressures: £20.898m 2023-24, £17.150m 2024-25, £11.650m 2025-26, £11.000m 2026-27**

There are three key areas where demand and demographic pressures have a significant impact on the council's budget planning:

- Gross demographic pressures in Adult Social Care totalling £6.700m reflecting rising demand for services as people live longer, and the transition of service users from Children's Services to Adult Social Care.
- Gross demand pressures of £11.650m in Children's Services reflecting additional costs including increasing demand and complexity of need for children looked after, keeping children safe at home, and care leavers, alongside home to school transport pressures, particularly for children with special educational needs and disabilities.
- Demand and demographic pressures from increased maintenance costs of infrastructure assets.

**Legislative changes: £31.069m 2023-24, £6.760m 2024-25, -£0.200m 2025-26, £0.000m 2026-27**

The budget estimates include the following assumptions with regard to current and future legislative changes:

- The Government implemented a National Living Wage (NLW) from 2016-17, starting at £7.20. In April 2023 it will be increased to £10.42. The exact level at which the National Living Wage will be set in future years has not been

confirmed, but further increases in line with Government policy are to be expected. Although assumed cost pressures relating to the National Living Wage have been included in budgets, there is a risk these could diverge in future.

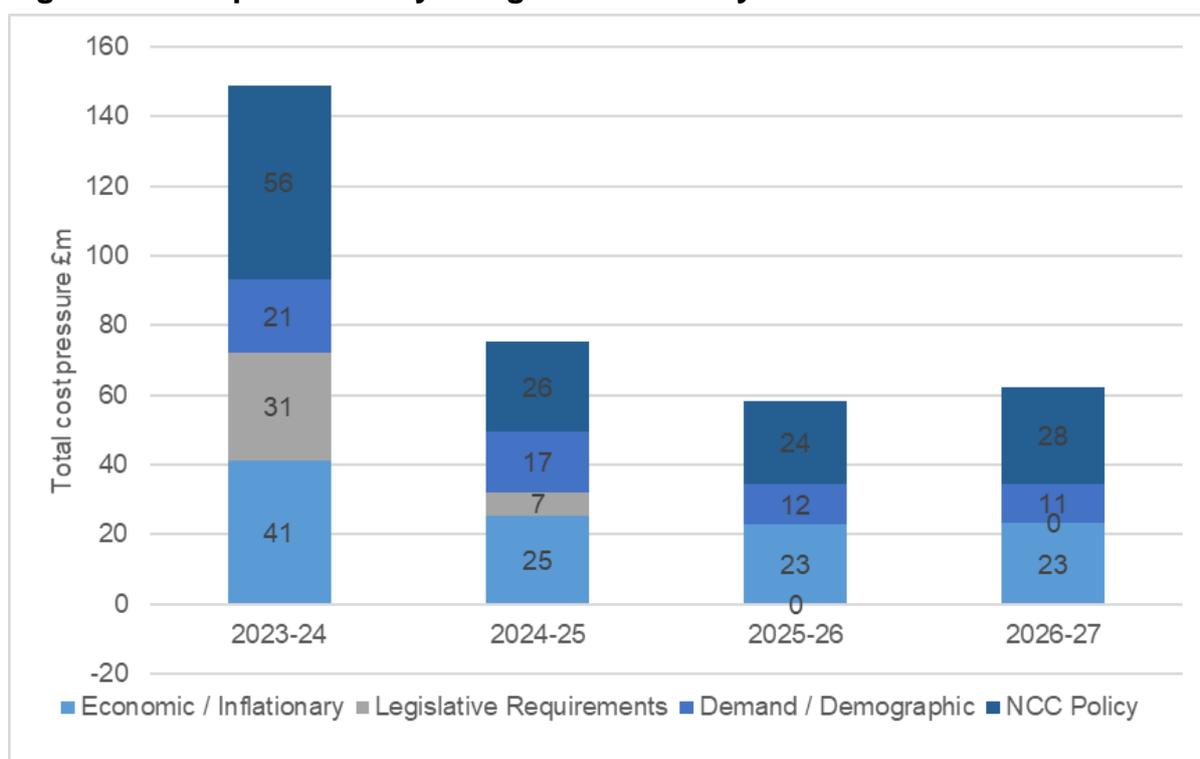
- Cost pressures assuming an increase above the core price inflation for pay and price market pressures have been included.
- Cost pressures have been included associated with the increased income received for the Improved Better Care Fund.

**NCC Policy: £55.746m 2023-24, £25.776m 2024-25, £23.957m 2025-26, £28.088m 2026-27**

The 2023-24 budget includes:

- £9.000m to address pressures in Adult Social Services;
- £24.540m to address pressures in Children’s Services;
- £5.780m to address pressures in Community and Environmental Services.

**Figure 5: Cost pressures by categorisation and year**



## SAVINGS 2023-27

Budget saving proposals were subject to consultation where required. Overall consultation activity in relation to the 2023-24 Budget was coordinated by Cabinet and reported to Members to inform budget-setting decisions.

**Table 14: Savings identified 2023-27**

Department	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m	2023-27 £m
Adult Social Services	-28.040	2.700	-2.500	-2.000	<b>-29.840</b>
Children's Services	-12.517	0.088	0.050	0.000	<b>-12.379</b>
Community and Environmental Services	-10.904	2.819	0.570	-0.045	<b>-7.560</b>
Strategy and Transformation	-2.542	0.050	1.571	0.000	<b>-0.921</b>
Finance General	-5.700	0.540	-0.360	-0.240	<b>-5.760</b>
<b>Savings total</b>	<b>-59.703</b>	<b>6.197</b>	<b>-0.669</b>	<b>-2.285</b>	<b>-56.460</b>

As in previous years, budget planning across the Council has also included work to review in detail the deliverability of planned savings and to understand service pressures. Following this activity, the 2023-24 Budget sees further investment in essential services through both the removal of previously planned savings and recognition of budget overspend pressures. The changes to previously agreed savings proposed in this report contribute to ensuring that the 2023-24 Budget will be both robust and deliverable. The net saving position above reflects the removal or delay of £3.040m of saving proposals brought forward from previous budget rounds.

## NET BUDGET CHANGES 2023-24 TO 2026-27

Changes to departmental revenue budgets for each year are shown in the following tables.

**Table 15: Summary of net budget changes 2023-24**

Department	Adult Social Services £m	Children's Services £m	Community and Environmental Services £m	Strategy and Transformation £m	Finance £m	Total £m
Base Budget 2022-23	263.193	189.065	180.269	20.123	-188.527	<b>464.123</b>
<b>Growth</b>						
Economic / Inflationary	12.974	11.997	13.425	2.096	1.035	<b>41.527</b>
Legislative Requirements	21.532	7.000	-0.190	0.000	2.727	<b>31.069</b>
Demand / Demographic	6.700	11.650	1.965	0.180	0.000	<b>20.495</b>
NCC Policy	9.000	24.540	5.941	2.259	14.005	<b>55.746</b>
Funding Reductions	4.199	0.000	0.024	0.000	11.892	<b>16.115</b>
Cost Neutral Increase	0.660	1.266	1.400	0.966	0.309	<b>4.602</b>
<b>Total Budget Increase</b>	<b>55.066</b>	<b>56.453</b>	<b>22.566</b>	<b>5.502</b>	<b>29.968</b>	<b>169.554</b>
<b>Reductions</b>						
Total Savings	-28.040	-12.517	-10.904	-2.542	-5.700	<b>-59.703</b>
Funding Increases	-40.369	0.000	0.000	0.000	-35.295	<b>-75.665</b>
Cost Neutral Decrease	-0.323	-0.409	-0.177	-0.142	-3.552	<b>-4.602</b>
<b>Total Budget Decrease</b>	<b>-68.732</b>	<b>-12.926</b>	<b>-11.081</b>	<b>-2.684</b>	<b>-44.548</b>	<b>-139.970</b>
<b>Base Budget 2023-24</b>	<b>249.526</b>	<b>232.593</b>	<b>191.754</b>	<b>22.941</b>	<b>-203.107</b>	<b>493.707</b>

<b>Funded by:</b> Council Tax	-491.439
Collection Fund Surplus	-2.268
<b>Total</b>	<b>-493.707</b>
2023-24 Budget Gap	0.000

**Table 16: Summary of net budget changes 2024-25**

Department	Adult Social Services £m	Children's Services £m	Community and Environmental Services £m	Strategy and Transformation £m	Finance £m	Total £m
Base Budget 2023-24	249.526	232.593	191.754	22.941	-203.107	<b>493.707</b>
<b>Growth</b>						
Economic / Inflationary	9.183	6.412	4.707	0.965	4.204	<b>25.471</b>
Legislative Requirements	7.010	0.000	-0.250	0.000	0.000	<b>6.760</b>
Demand / Demographic	5.500	9.500	2.150	0.000	25.000	<b>42.150</b>
NCC Policy	-2.000	-0.540	-1.350	-0.281	4.947	<b>0.776</b>
Funding Reductions	0.000	0.000	0.000	0.000	0.628	<b>0.628</b>
Cost Neutral Increase	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
<b>Total Budget Increase</b>	<b>19.693</b>	<b>15.372</b>	<b>5.257</b>	<b>0.684</b>	<b>34.779</b>	<b>75.785</b>
<b>Reductions</b>						
Total Savings	2.700	0.088	2.819	0.050	0.540	<b>6.197</b>
Funding Increases	-15.364	0.000	0.000	0.000	7.012	<b>-8.352</b>
Cost Neutral Decrease	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
<b>Total Budget Decrease</b>	<b>-12.664</b>	<b>0.088</b>	<b>2.819</b>	<b>0.050</b>	<b>7.552</b>	<b>-2.155</b>
<b>Base Budget 2024-25</b>	<b>256.555</b>	<b>248.053</b>	<b>199.830</b>	<b>23.675</b>	<b>-160.776</b>	<b>567.337</b>

<b>Funded by: Council Tax</b>	-521.121
Collection Fund Surplus	0.000
<b>Total</b>	<b>-521.121</b>
2023-24 Budget Gap	0.000
2024-25 Budget Gap	46.216

**Table 17: Summary of net budget changes 2025-26**

Department	Adult Social Services £m	Children's Services £m	Community and Environmental Services £m	Strategy and Transformation £m	Finance £m	Total £m
Base Budget 2024-25	256.555	248.053	199.830	23.675	-160.776	<b>567.337</b>
<b>Growth</b>						
Economic / Inflationary	9.187	6.690	4.860	0.996	1.004	<b>22.736</b>
Legislative Requirements	0.000	0.000	-0.200	0.000	0.000	<b>-0.200</b>
Demand / Demographic	6.100	3.500	2.050	0.000	25.500	<b>37.150</b>
NCC Policy	0.000	-0.100	0.250	-1.413	-0.280	<b>-1.543</b>
Funding Reductions	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
Cost Neutral Increase	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
<b>Total Budget Increase</b>	<b>15.287</b>	<b>10.090</b>	<b>6.960</b>	<b>-0.417</b>	<b>26.224</b>	<b>58.143</b>
<b>Reductions</b>						
Total Savings	-2.500	0.050	0.570	1.571	-0.360	<b>-0.669</b>
Funding Increases	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
Cost Neutral Decrease	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
<b>Total Budget Decrease</b>	<b>-2.500</b>	<b>0.050</b>	<b>0.570</b>	<b>1.571</b>	<b>-0.360</b>	<b>-0.669</b>
<b>Base Budget 2025-26</b>	<b>269.342</b>	<b>258.194</b>	<b>207.359</b>	<b>24.828</b>	<b>-134.912</b>	<b>624.811</b>

<b>Funded by: Council Tax</b>	-542.070
Collection Fund Surplus	0.000
<b>Total</b>	<b>-542.070</b>
2023-24 Budget Gap	0.000
2024-25 Budget Gap	46.216
2025-26 Budget Gap	36.526

**Table 18: Summary of net budget changes 2026-27**

Department	Adult Social Services £m	Children's Services £m	Community and Environmental Services £m	Strategy and Transformation £m	Finance £m	Total £m
Base Budget 2025-26	269.342	258.194	207.359	24.828	-134.912	<b>624.811</b>
<b>Growth</b>						
Economic / Inflationary	9.338	6.924	5.021	0.982	1.028	<b>23.293</b>
Legislative Requirements	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
Demand / Demographic	6.000	3.000	2.000	0.000	26.010	<b>37.010</b>
NCC Policy	0.000	0.000	0.000	0.124	1.954	<b>2.078</b>
Funding Reductions	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
Cost Neutral Increase	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
<b>Total Budget Increase</b>	<b>15.338</b>	<b>9.924</b>	<b>7.021</b>	<b>1.106</b>	<b>28.992</b>	<b>62.381</b>
<b>Reductions</b>						
Total Savings	-2.000	0.000	-0.045	0.000	-0.240	<b>-2.285</b>
Funding Increases	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
Cost Neutral Decrease	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
<b>Total Budget Decrease</b>	<b>-2.000</b>	<b>0.000</b>	<b>-0.045</b>	<b>0.000</b>	<b>-0.240</b>	<b>-2.285</b>
<b>Base Budget 2026-27</b>	<b>282.680</b>	<b>268.118</b>	<b>214.335</b>	<b>25.935</b>	<b>-106.160</b>	<b>684.908</b>

<b>Funded by: Council Tax</b>	-558.386
Collection Fund Surplus	0.000
<b>Total</b>	<b>-558.386</b>
2023-24 Budget Gap	0.000
2024-25 Budget Gap	46.216
2025-26 Budget Gap	36.526
2026-27 Budget Gap	43.781

## FUNDING

The final Local Government Finance Settlement 2023-24 included information on the Settlement Funding Assessment, which includes the authority's Revenue Support Grant (RSG) and business rates baseline funding level.

**Table 19: Comparison of Settlement Funding Assessment 2022-23 to 2023-24**

<b>Funding</b>	<b>2022-23 Actual £m</b>	<b>2023-24 Final £m</b>	<b>Change £m</b>
<b>Settlement Funding Assessment</b>	<b>195.903</b>	<b>205.875</b>	<b>9.972</b>
<i>Notional breakdown:</i>			
Revenue Support Grant	40.885	45.055	4.170
Baseline Funding Level	155.019	160.820	5.801
<i>Via: Top-up</i>	<i>127.897</i>	<i>132.936</i>	<i>5.039</i>
<i>Retained Rates</i>	<i>27.122</i>	<i>27.884</i>	<i>0.762</i>

## KEY FUNDING STREAMS 2023-27

Table 20: List of key grants and funding streams 2023-27

Funding Streams	2022-23 Budget £m	2023-24 Estimated £m	2024-25 Estimated £m	2025-26 Estimated £m	2026-27 Estimated £m
<b>Un-ring-fenced</b>					
Business Rates	168.196	193.925	193.925	193.925	193.925
Revenue Support Grant	40.885	45.055	45.055	45.055	45.055
Rural Services Delivery Grant	4.178	4.670	4.670	4.670	4.670
Social Care Grant	41.495	66.525	66.525	66.525	66.525
Market Sustainability and Fair Cost of Care Fund	2.821	0.000	0.000	0.000	0.000
ASC Market Sustainability and Improvement Fund	0.000	9.785	9.785	9.785	9.785
ASC Discharge Fund	0.000	5.554	20.919	20.919	20.919
Services Grant	10.687	6.270	6.270	6.270	6.270
New Homes Bonus	1.833	0.628	0.000	0.000	0.000
School Improvement Monitoring and Brokering Grant	0.296	0.296	0.296	0.296	0.296
Fire Pension Grant	1.629	1.629	1.629	1.629	1.629
Fire Revenue	1.184	1.184	1.184	1.184	1.184
Inshore Fisheries	0.152	0.152	0.152	0.152	0.152
Local reform and community voices	0.581	0.581	0.581	0.581	0.581
Social Care in Prisons	0.345	0.345	0.345	0.345	0.345
War Pensions Scheme Disregard	0.248	0.248	0.248	0.248	0.248
Extended rights to free travel (Local Services Support Grant)	1.387	1.524	1.524	1.524	1.524
PFI Revenue Grant (streetlights and schools)	7.905	7.905	7.905	7.905	7.905
Independent Living Fund Grant	1.379	0.000	0.000	0.000	0.000
Improved Better Care Fund	39.617	39.617	39.617	39.617	39.617
<b>Ring-fenced</b>					
Public Health	42.261	43.640	44.207	44.207	44.207
Dedicated Schools Grant	729.191	787.655	787.655	787.655	787.655
Pupil Premium Grant	36.332	36.332	36.332	36.332	36.332
<b>Locally collected tax (forecasts)</b>					
Council tax (assuming increase 4.99% 2023-24 & 2024-25, 2.99% 2025-26, 1.99% 2026-27)	464.123	493.707	521.121	542.070	558.386

Shaded figures remain to be confirmed.

## PROVISIONS AND RESERVES

The **Statement on the Adequacy of Provisions and Reserves 2023-27** report sets out the County Council's policy on Provisions and Reserves and details the approach to setting a risk assessed framework for reaching a recommended level of general balances.

The 2023-24 budget includes the following forecasts for the level of the Council's general balances. The level of general balances is recommended based on an assessment of the financial risks facing the Council. Further details of this calculation are set out in the report to County Council.

**Table 21: Forecasted levels of general balances 2023-24 to 2026-24**

2022-23 (31/03/2023 Forecast) £m	Forecasted levels of general balances	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
24.340	Assessment of the level of general balances	25.340	26.590	27.840	29.090

As part of the 2023-24 budget planning process, a detailed review was undertaken in respect of each of the reserves and provisions held by the Council. The earmarked reserves and provisions are considered by the Executive Director of Finance and Commercial Services to be adequate and appropriate to reflect the risks they are intended to cover. Table 22 below shows the amount held in earmarked reserves for each service.

**Table 22: Summary of earmarked reserves and provisions by service 2022-27**

Department	Balance 31/03/22 £m	Forecast 31/03/23 £m	Forecast 31/03/24 £m	Forecast 31/03/25 £m	Forecast 31/03/26 £m	Forecast 31/03/27 £m
Adult Social Services	52.420	45.198	17.168	7.583	7.583	7.583
Children's Services	12.930	6.418	3.014	2.144	1.281	1.281
Community and Environmental Services	60.168	52.512	50.878	50.841	50.598	50.354
Strategy and Transformation	5.653	5.465	5.765	4.630	4.930	5.230
Finance	55.190	32.775	25.023	25.023	25.023	25.023
<b>Total (excluding schools)</b>	<b>186.360</b>	<b>142.368</b>	<b>101.848</b>	<b>90.222</b>	<b>89.415</b>	<b>89.471</b>
Reserves for capital use	1.000	1.000	1.000	1.000	1.000	1.000
Schools	9.064	8.144	7.875	7.515	7.085	6.894
School - LMS	17.888	11.483	8.795	-1.322	-1.322	-1.322
DSG Reserve	-53.976	-73.613	-93.266	-108.341	-113.975	-109.006

Note: These are balances forecast at the point of budget setting. Actual balances reported at year-end in the Statement of Accounts may vary.

There is a planned reduction in non-school general balances and earmarked reserves of 48.94%, from £182.994m in March 2022 to £93.441m in March 2027.

The following tables provide a full list of the reserves and provisions held by the Council including details of their purpose, and the expected usage over the medium term period. The forecast year end position of all reserves and provisions is reported to Members throughout the year.

**Table 23: Reserves and Provisions – year end projections 2022-27**

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2022 £m	Forecast Balances 31/03/2023 £m	Forecast Balances 31/03/2024 £m	Forecast Balances 31/03/2025 £m	Forecast Balances 31/03/2026 £m	Forecast Balances 31/03/2027 £m
<b><i>Earmarked Reserves</i></b>							
<b>All Services</b>							
<b>Information Technology:</b> The reserve is used by multiple services to set aside money for specific IT projects.	The reserve is used by multiple services to set aside money for specific IT projects.	3.001	2.259	2.112	2.112	2.112	2.112
<b>Repairs and Renewals:</b> This fund is to meet the cost of purchasing and repairing specific equipment.	The need for the reserve has changed over time as more equipment is procured via leases.	4.380	3.810	3.634	3.634	3.634	3.634
<b>Unspent Grants and Contributions:</b> This reserve contains the balances on the council's unconditional grants and contributions.	Mostly grants and contributions which will be used to fund spend over the budget planning period.	49.172	45.597	28.275	17.817	16.710	16.466
		<b>56.554</b>	<b>51.665</b>	<b>34.021</b>	<b>23.563</b>	<b>22.456</b>	<b>22.212</b>

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2022 £m	Forecast Balances 31/03/2023 £m	Forecast Balances 31/03/2024 £m	Forecast Balances 31/03/2025 £m	Forecast Balances 31/03/2026 £m	Forecast Balances 31/03/2027 £m
<b>Adult Social Services</b>							
<b>Business Risk Reserve:</b> Reserves established to manage key risks.	Reserve which will be used to mitigate continuing financial risks in future years. Expected to be utilised in full in 2023-24.	13.025	8.822	0.000	0.000	0.000	0.000
<b>Prevention Fund:</b> This includes the Living Well in the Community Fund, Prevention Fund and Strong and Well revenue funding as agreed by Members to support prevention work, mitigate the risks in delivering prevention savings and to help build capacity in the independent sector.	Some use expected to 2023-24.	0.554	0.664	0.483	0.483	0.483	0.483
<b>Road Safety:</b> This reserve reflects the surplus resulting from Speed Awareness Courses run by the council on behalf of the Police, to be reinvested within Road Safety.	There is currently no planned use of this reserve.	0.207	0.207	0.207	0.207	0.207	0.207
<b>Social Services Residential Review:</b> This reserve contains funds set aside to support delivery of Mental Health services within Adult Social Services.	Use of the reserve over the budget planning period is expected.	8.418	6.807	3.969	3.935	3.935	3.935
		<b>22.203</b>	<b>16.499</b>	<b>4.658</b>	<b>4.625</b>	<b>4.625</b>	<b>4.625</b>
<b>Children's Services</b>							
<b>Business Risk Reserve:</b> Reserves established to manage key risks.	Reserve which will be used to mitigate continuing financial risks in future years. Expected to be utilised in full in 2023-24.	1.825	1.759	0.000	0.000	0.000	0.000

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2022 £m	Forecast Balances 31/03/2023 £m	Forecast Balances 31/03/2024 £m	Forecast Balances 31/03/2025 £m	Forecast Balances 31/03/2026 £m	Forecast Balances 31/03/2027 £m
<b>Children's Services Education Equalisation:</b> To fund the variance in the number of Home to School/College Transport days in a financial year as a result of the varying dates of Easter holidays.	Use dependent upon the dates of future school years. Expected to be utilised in full in 2022-23.	2.872	0.000	0.000	0.000	0.000	0.000
		<b>4.697</b>	<b>1.759</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Community and Environmental Services</b>							
<b>Business Risk Reserve:</b> Reserves established to manage key risks.	Reserve which will be used to mitigate continuing financial risks in future years.	1.724	1.724	0.724	0.724	0.724	0.724
<b>Adult Education Income:</b> The County Council is required to approve a budget for the Adult Education service five to six months in advance of the funding announcement by the Skills Funding Agency. In addition, the Skills Funding Agency can also impose penalties on the service in the event that targets are not met and these are dependent on results assessed at year end. This reserve enables the Council to manage risks associated with potential changes in Skills Funding Agency working.	Some use of this reserve is planned over the budget planning period.	3.274	2.049	2.049	2.049	2.049	2.049

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2022 £m	Forecast Balances 31/03/2023 £m	Forecast Balances 31/03/2024 £m	Forecast Balances 31/03/2025 £m	Forecast Balances 31/03/2026 £m	Forecast Balances 31/03/2027 £m
<b>Bus De-registration:</b> This is funding to meet costs associated with the commercial deregistration of bus services.	There is no current planned use of this reserve.	0.027	0.027	0.027	0.027	0.027	0.027
<b>Economic Development and Tourism:</b> This is primarily the Apprenticeship Scheme balance and committed EU project funding.	Funding for apprenticeships and EU Projects are mainly committed over the budget planning period.	7.212	3.789	3.789	3.789	3.789	3.789
<b>Fire Operational/PPE/Clothing:</b> This reserve is to meet variable demands for new operational equipment and personal protective equipment.	The reserve is for items such as hazmat suits and training in dealing with chemicals.	0.194	0.194	0.194	0.194	0.194	0.194
<b>Fire Retained Turnout Payments:</b> This reserve is to meet variable demands from larger incidents and higher than expected turnouts.	There is no current planned use of this reserve.	0.031	0.031	0.031	0.031	0.031	0.031
<b>Highways Maintenance:</b> This reserve enables a wide range of maintenance schemes to be undertaken. An annual amount is transferred to the works budget. The reserve is also used to carry forward balances on the Highways Maintenance Fund.	The balance mainly relates to commuted sums to meet future liabilities. These sums are paid by Developers to cover the additional maintenance work arising from their developments. The profile of use of the reserves reflects the future liabilities and planned general Highways expenditure.	10.579	9.743	9.743	9.743	9.743	9.743

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2022 £m	Forecast Balances 31/03/2023 £m	Forecast Balances 31/03/2024 £m	Forecast Balances 31/03/2025 £m	Forecast Balances 31/03/2026 £m	Forecast Balances 31/03/2027 £m
<b>Historic Buildings:</b> This is used to buy and restore historic buildings at risk of being demolished and to make grants towards the restoration of buildings.	This reserve is used as and when required.	0.045	0.045	0.045	0.045	0.045	0.045
<b>Park and Ride:</b> The reserve is for future site works.	There is currently no planned usage of the fund, but it is retained to meet potential necessary site works.	0.012	0.012	0.012	0.012	0.012	0.012
<b>Prevention Fund:</b> This includes a commuted sum from Developers to cover new bus routes and lump sums received from the Government for improvements to bus services.	There is no current planned use of this reserve.	0.118	0.118	0.118	0.118	0.118	0.118
<b>Residual Insurance and Lottery Bids:</b> When a cash settlement was agreed with our insurers in respect of the library fire the proceeds were paid into an earmarked reserve. Subsequent costs have been funded from this source, and outstanding costs for buildings and books have been transferred to earmarked reserves. A few issues remain outstanding (e.g. Records conservation).	The reserve incorporates externally funded grants earmarked towards projects. Included within this are sums required to complete the conservation of damaged documents. The timings for use of this reserve are not yet known.	0.081	0.034	0.034	0.034	0.034	0.034

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2022 £m	Forecast Balances 31/03/2023 £m	Forecast Balances 31/03/2024 £m	Forecast Balances 31/03/2025 £m	Forecast Balances 31/03/2026 £m	Forecast Balances 31/03/2027 £m
<b>Street Lighting PFI Sinking Fund:</b> This reserve has been created as a result of the Street Lighting PFI scheme and reflects receipt of government PFI grant and contributions which will be needed in future financial years to meet contract payments.	Reductions in the level of this reserve are expected over the next four years.	5.013	3.743	3.743	3.743	3.743	3.743
<b>Archive Centre Sinking Fund:</b> This reserve is to maintain the Archive Centre in accordance with a lease agreement between the County Council and the University of East Anglia.	This reserve is used as and when required.	0.247	0.328	0.328	0.328	0.328	0.328
<b>County Farms:</b> This reserve is to hold income related to the County Farms estate.	There is no current planned use of this reserve.	0.415	0.415	0.415	0.415	0.415	0.415
<b>Organisational Change and Redundancy Reserve:</b> This reserve was created to provide one-off funding to support and invest in transformational change e.g. change initiatives such as Workstyle and to fund redundancy costs.	The timing of when the reserve is used is dependent upon future events and it is expected it will be mainly used to fund redundancy costs.	0.200	0.178	0.178	0.178	0.178	0.178
<b>Waste Management Partnership Fund:</b> This reserve is for waste management initiatives.	There is currently no planned use of this reserve.	0.425	0.425	0.425	0.425	0.425	0.425
		<b>29.597</b>	<b>22.854</b>	<b>21.854</b>	<b>21.854</b>	<b>21.854</b>	<b>21.854</b>

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2022 £m	Forecast Balances 31/03/2023 £m	Forecast Balances 31/03/2024 £m	Forecast Balances 31/03/2025 £m	Forecast Balances 31/03/2026 £m	Forecast Balances 31/03/2027 £m
<b>Strategy and Transformation</b>							
<b>Business Risk Reserve:</b> Reserves established to manage key risks.	Some use of reserve is planned for 2022-23.	0.747	0.501	0.501	0.501	0.501	0.501
<b>Strategic Ambitions Reserve:</b> This reserve supports the council in achieving its aspirations and strategic ambitions for Norfolk.	Some use of reserve is planned for 2022-23.	0.385	0.315	0.315	0.315	0.315	0.315
<b>NPLaw:</b> This reserve has been created to support the development and increased activities of the business and smooth variations in trading.	The reserve has been built up from Nplaw Trading and as such belongs to the Partners of the scheme.	0.811	0.686	0.686	0.686	0.686	0.686
<b>Election Reserve:</b> This is to cover the cost of holding County Council elections.	Regular ongoing contributions to the reserve are planned each year. The reserve will be used for the next election and will then be built up again. Usage will be dependent on the timing of elections.	0.534	0.834	1.134	0.000	0.300	0.600
		<b>2.477</b>	<b>2.337</b>	<b>2.637</b>	<b>1.502</b>	<b>1.802</b>	<b>2.102</b>
<b>Finance</b>							
<b>Business Risk Reserve:</b> Reserves established to manage key risks.	Reserve which will be used to mitigate continuing financial risks in future years.	5.275	4.275	4.275	4.275	4.275	4.275
<b>Business Rates Risk Reserve:</b> Reserves established to manage key risks.	To be fully utilised to support the 2023-24 budget.	7.752	7.752	0.000	0.000	0.000	0.000
<b>Corporate Covid Risk Reserve:</b> Reserves established to hold funding for Covid related expenditure	Some reserve used to support service delivery in 2022-23.	22.336	4.336	4.336	4.336	4.336	4.336

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2022 £m	Forecast Balances 31/03/2023 £m	Forecast Balances 31/03/2024 £m	Forecast Balances 31/03/2025 £m	Forecast Balances 31/03/2026 £m	Forecast Balances 31/03/2027 £m
<b>Insurance Reserve:</b> This reserve reflects monies set aside for future potential insurance liabilities that are in excess of those provided for in the Insurance Provision.	There is no current planned use of this reserve.	0.134	0.134	0.134	0.134	0.134	0.134
<b>Organisational Change and Redundancy Reserve:</b> This reserve was created to provide one-off funding to support and invest in transformational change e.g. change initiatives such as Workstyle and to fund redundancy costs.	The timing of when the reserve is used is dependent upon future events and it is expected it will be mainly used to fund redundancy costs.	7.629	4.813	4.813	4.813	4.813	4.813
		<b>43.126</b>	<b>21.310</b>	<b>13.558</b>	<b>13.558</b>	<b>13.558</b>	<b>13.558</b>
<b>Non-Schools Total</b>		<b>158.654</b>	<b>116.424</b>	<b>76.728</b>	<b>65.101</b>	<b>64.295</b>	<b>64.351</b>

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2022 £m	Forecast Balances 31/03/2023 £m	Forecast Balances 31/03/2024 £m	Forecast Balances 31/03/2025 £m	Forecast Balances 31/03/2026 £m	Forecast Balances 31/03/2027 £m
<b>Reserves for Capital Use</b>							
Usable Capital Receipts		1.000	1.000	1.000	1.000	1.000	1.000
<b>Schools Reserves</b>							
<b>LMS Balances:</b> This reserve represents estimated surpluses and deficits against delegated budgets for locally managed schools. These funds are retained for schools in accordance with the LMS arrangements approved by the DfE and are not available to the Council for general use.	The future usage will be part of individual school's financial plans.	17.888	11.483	8.795	-1.322	-1.322	-1.322
<b>Norwich Schools PFI Sinking Fund:</b> This reserve has been created as a result of the Norwich Schools PFI scheme and reflects receipt of government PFI grant and schools contributions which will be needed in future financial years to meet contract payments.	Some use of reserve expected in 2022-23. The reserve will then be replenished over the planning period.	2.101	1.848	1.579	1.220	0.789	0.599
<b>Building Maintenance:</b> This is money put aside to spend on building maintenance of schools.	Reserve balances are reviewed and utilised as required.	1.518	0.850	0.850	0.850	0.850	0.850
<b>Unspent Grants and Contributions:</b> This reserve contains the balances on the council's unconditional grants and contributions.	Utilised as grants are spent.	5.446	5.446	5.446	5.446	5.446	5.446
<b>Schools Total</b>		<b>26.952</b>	<b>19.627</b>	<b>16.670</b>	<b>6.193</b>	<b>5.763</b>	<b>5.572</b>

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2022 £m	Forecast Balances 31/03/2023 £m	Forecast Balances 31/03/2024 £m	Forecast Balances 31/03/2025 £m	Forecast Balances 31/03/2026 £m	Forecast Balances 31/03/2027 £m
<b>DSG Reserve:</b> DSG is a ring-fenced grant, provided outside the local government finance settlement. The reserve represents the cumulative position of the ringfenced funding provided by the Department for Education.	The DSG deficit arises from the historic underfunding of the High Needs Block which supports high needs places in state special schools, independent schools and Alternative Provision as well as high needs provision in mainstream schools. The level of the deficit reflects our current forecasts. <sup>2</sup>	-53.976	-73.613	-93.266	-108.341	-113.975	-109.006
<b>Provisions</b>							
<b>Adult Social Services</b>							
<b>Provision for doubtful debts:</b> A provision to cover bad debts.	This provision will change as bad debts are reviewed during the year, although the timing of this use cannot be predicted. A significant proportion is for specific debts with an element for general service-user related debts.	3.295	1.647	0.824	0.824	0.824	0.824
<b>Children's Services</b>							
<b>Provision for doubtful debts:</b> A provision to cover bad debts.	This provision will change as bad debts are reviewed during the year, although the timing of this use cannot be predicted.	1.281	1.281	1.281	1.281	1.281	1.281

<sup>2</sup> The forecast DSG position does **not** include the impact of any DFE contributions to be made as part of the [Safety Valve agreement](#), which had not been finalised at the time of budget setting for 2023-24.

Title and purpose of Reserve / Provision	Planned future use	Opening Balances 31/03/2022 £m	Forecast Balances 31/03/2023 £m	Forecast Balances 31/03/2024 £m	Forecast Balances 31/03/2025 £m	Forecast Balances 31/03/2026 £m	Forecast Balances 31/03/2027 £m
<b>Community and Environmental Services</b>							
<b>Closed landfill long term impairment provision:</b> Provision created to fund long term impairment costs arising from Closed Landfill sites, as per Government legislation and External Audit recommendation.	This is required to cover the legal requirements, but there is currently no specific call on the provision identified. A fixed amount from revenue is released each year to cover impairment costs.	12.914	12.914	12.914	12.914	12.914	12.914
<b>Provision for doubtful debts:</b> A provision to cover bad debts.	This provision will change as bad debts are reviewed during the year, although the timing of this use cannot be predicted.	0.038	0.038	0.038	0.038	0.038	0.038
<b>Fire Service:</b> This provision is held to meet variations on Fire Service staffing costs.	There is no current specific requirement for the use of this provision.	0.048	0.048	0.048	0.048	0.048	0.048
<b>Finance</b>							
<b>Insurance:</b> Provision for insurance claims.	Contractual commitment based on reported claims and provision for incurred but unreported claims.	10.000	10.000	10.000	10.000	10.000	10.000
<b>Redundancy:</b> A provision to meet redundancy and pension strain costs.	This provision is forecast to be used in 2022-23.	0.132	0.016	0.016	0.016	0.016	0.016
<b>Non-Schools Provisions Total</b>		<b>27.707</b>	<b>25.944</b>	<b>25.120</b>	<b>25.120</b>	<b>25.120</b>	<b>25.120</b>

## ROBUSTNESS OF ESTIMATES 2023-27

As part of the budget setting process, the Executive Director of Finance and Commercial Services is required to report on the robustness of the estimates made for the purposes of the calculation of the council tax precept and therefore in agreeing the County Council's budget. The report on the **Robustness of Estimates** which is made to County Council sets out the formal statement and provides more detailed information on risk, robustness of revenue estimates and capital estimates. The table below summarises the key assumptions used in the preparation of the 2023-24 budget.

**Table 24: Key budget assumptions 2023-24**

Budget Assumption	Explanation of financial forecast and approach
<b>Growth Pressures</b>	<b>Description of growth pressure</b>
1) Inflation	<p>Pay inflation has been assumed at 3% for 2023-24 to 2026-27, with a 2% contingency in 2023-24 and 1% in 2024-25. The County Council is currently part of the national agreement and therefore pay awards for 2023-24 onwards will be determined by any agreements reached. Every 1% variation in pay amounts to around £3m for the council. There is therefore a risk that pay awards could vary from this assumption over the planning period.</p> <p>Pensions – The 2022 actuarial valuation of the pension fund has set the employer contribution rates from 1 April 2023 at 15.5% (unchanged) plus a lump sum for each of the three years 2023-26.</p> <p>Price Inflation is provided where a contractual increase is required. This is at the contractual rate where appropriate.</p>
2) Demand and Demographics	<p>There are three key areas where demand and demographic pressures have a significant impact on the council's budget planning:</p> <ul style="list-style-type: none"> <li>• Gross demographic pressures in Adult Social Care totalling £6.700m reflecting rising demand for services as people live longer, and transition of service users from Children's Services to adult social care.</li> <li>• Gross demand pressures of £11.650m in Children's Services reflecting additional costs including increasing demand and complexity of need for children looked after, keeping children safe at home and care leavers, alongside home to school transport pressures, particularly for children with special educational needs and disabilities.</li> <li>• Demand and demographic pressures from increased maintenance costs of infrastructure assets.</li> </ul>

Budget Assumption	Explanation of financial forecast and approach
3) Legislative changes	<p>The budget estimates include the following assumptions with regard to current and future legislative changes:</p> <ul style="list-style-type: none"> <li>• The Government implemented a National Living Wage (NLW) from 2016-17, starting at £7.20. In April 2023 it will be increased to £10.42<sup>3</sup>. The exact level at which the National Living Wage will be set in future years has therefore not been confirmed. Although assumed cost pressures relating to the National Living Wage have been included in budgets, there is a risk these could diverge in future.</li> <li>• Cost pressures assuming an increase above the core price inflation for pay and price market pressures have been included.</li> <li>• Cost pressures have been included associated with the increased income received for the Improved Better Care Fund.</li> </ul>
4) Policy decisions	<p>The 2023-24 budget includes:</p> <ul style="list-style-type: none"> <li>• £9.000m to address pressures in Adult Social Services;</li> <li>• £24.540m to address pressures in Children’s Services;</li> <li>• £5.780m to address pressures in Community and Environmental Services.</li> </ul>
5) Interest Rates	Budgeted interest earnings on investments are based on guaranteed fixed deposit returns, available instant liquidity rates and market forecasts provided by the Council’s Treasury Advisors.
<b>Savings</b>	<b>Description of savings</b>
6) Income	Inflationary increases to fees and charges have been included within the budget proposals where appropriate. Other changes to income either through expected reductions in income, or initiatives to increase income generation, are reported as individual budget proposals.
7) Savings	<p>Savings have been identified across all services and range from productivity and efficiency savings to reductions in service provision. All managers are responsible for ensuring that proposed savings are robust and delivered in accordance with plans. Measures throughout the planning process have supported review and challenge of the deliverability of savings and where appropriate a number of savings have been removed or re-profiled to later years.</p> <p>Changes or delays in delivering savings will result in variance to the budget and as such savings will be closely tracked throughout the year as part of the budget monitoring process and reported to Cabinet, with management actions identified as necessary.</p>
<b>Other Planning assumptions</b>	<b>Description of other planning assumptions</b>

<sup>3</sup> <https://www.gov.uk/government/publications/minimum-wage-rates-for-2023>

Budget Assumption	Explanation of financial forecast and approach
8) Funding changes	<p>The Provisional Settlement provided only indications for one year of funding allocations in 2023-24, which were later confirmed in the final Local Government Finance Settlement. Uncertainty about the outcomes (and indeed progress) of Local Government funding reforms including Social Care Reform, the Fair Funding Review (FFR), Business Rates Retention Scheme (BRRS), which have all been delayed until at least 2025-26, means that the Council faces a very significant level of uncertainty about funding levels in future years.</p> <p>The Provisional Settlement confirmed that existing social care funding of £30.342m plus additionally announced social care funding of £25.030m, Discharge Support funding of £5.554m and ASC Market Sustainability funding of £9.785m will also be provided in 2023-24. The MTFs assumes these will be ongoing, and indications are that they will continue until at least 2024-25, but a degree of uncertainty remains.</p> <p>The Revenue Budget report sets out the detail of key grants and highlights that many key areas of funding are yet to be confirmed for 2023-24.</p> <p>In relation to schools, funding is provided through the Dedicated Schools Grant (DSG) and Pupil Premium, which is paid to the County Council and passed on to schools in accordance with the agreed formula allocation. It is assumed that all school pay and prices inflationary pressures will be absorbed within the DSG allocation.</p> <p>Norfolk faces severe pressures on High Needs Block (HNB) funding within DSG and submitted a disapplication request in respect of the Dedicated Schools Grant (DSG) for 2022-23 for 1% transfer in addition to the 0.5% transfer from the Schools Block (SB) to the High Needs Block (HNB) agreed by Schools Forum on 16 November 2022. At the time of Full Council approving the Budget, the Council was awaiting notification from the Secretary of State as to whether the request had been accepted or declined, alongside whether the Minister had approved Norfolk's Safety Valve programme. Further details were provided in the Dedicated Schools Grant Budget report to Cabinet in January. The accounting treatment for DSG cumulative deficits allows councils to carry a negative balance on these reserves. This treatment is dictated by Government but potentially remains a significant issue and will result in a material deficit balance in the Council's Statement of Accounts until the DSG recovery plan has been delivered.</p>
9) Financial risks inherent in any significant new funding partnerships; major contracts or major capital developments	<p>Financial risks are included within the assessment of the level of general balances. The financial risks arising from major capital schemes such as the Great Yarmouth Third River Crossing, Norwich Western Link and investment in specialist school places continue to be closely monitored and reflected within the County Council's capital budget proposals.</p>
10) Availability of funds to deal with major contingencies	<p>All provisions and earmarked reserves have been reviewed to test their adequacy and continued need. A risk assessment of the level of general balances has been undertaken and the budget reflects the assessed level of balances required. The council also has recourse to the Bellwin scheme in the event of disasters or emergencies.</p>

Budget Assumption	Explanation of financial forecast and approach
11) Overall financial standing of the authority	<p>The Council's treasury management activity manages both short term cash to provide security, liquidity and yield, and the Council's longer term borrowing needs to fund capital expenditure through either long term borrowing or the utilisation of temporary cash resources pending long term borrowing. In accordance with the approved strategy, the Council currently continues to borrow for capital purposes, while using cash balances on a temporary basis to avoid the cost of 'carrying' debt in the short term.</p> <p>At 31 December 2022, the Council's outstanding debt totalled £896m. The council continues to maintain its total gross borrowing level within its Authorised Limit of £1,061m (prudential indicators) for 2022-23. The Authorised Limit being the affordable borrowing limit required by section 3 of the Local Government Act 2003.</p> <p>There are a number of treasury related indicators to restrict treasury activity within certain limits and manage risk. These include maturity profile of debt; and investments greater than 365 days. Monitoring is reported regularly to Cabinet on an exception basis.</p> <p>At the end of December 2022 (Period 9), the Council's cash balances stood at £275m.</p>
12) The authority's track record in budget and financial management	<p>At budget-setting, as at Period 8, the 2022-23 revenue budget was forecast to be overspent by £2.054m on a net budget of £464.123m (gross £1.637bn). Executive Directors are working to deliver a balanced outturn position at year-end, and a balanced position is forecast as at Period 11 (reported to Cabinet April 2023).</p> <p>Ernst and Young, the council's external auditor, issued an unqualified opinion on the Council's 2020-21 accounts in December 2021 and concluded that the council made appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources. The audit of the 2021-22 accounts has not yet been concluded due to the external auditor's planned phased approach to delivering the 2021-22 audits. At the time of writing, it is anticipated that the Council's Audit and Governance Committee will consider the results of the 2021-22 audit at its meeting 25 July 2023.</p>
13) The authority's capacity to manage in-year budget pressures	<p>The level of general balances is assessed as part of the budget setting process, reviewed monthly and reported to Cabinet as part of the regular monitoring process. Review and challenge improves the accuracy of budget estimates, which aims to support management and the early identification of budget issues. The regular reporting of risk and monitoring of mitigating actions supports in-year budget management.</p>
14) The strength of the financial information and reporting arrangements	<p>Information on budget and actual spend is reported publicly and monitoring reports are published regularly throughout the year. The reports are on a risk basis, so that attention is concentrated on what is most important.</p>
15) The end of year procedures in relation to budget under/overspends at authority and departmental level	<p>Guidance on end of year procedures is reported annually and arrangements are monitored. Detailed year-end financial information is reported alongside services' performance monitoring. The proposed year end arrangements will be reported to Cabinet for approval.</p>

Budget Assumption	Explanation of financial forecast and approach
<p>16) The authority's insurance arrangements to cover major unforeseen risks</p>	<p>The County Council has a mix of self-insurance and tendered insurance arrangements. Premiums are set on an annual basis and reflected within the budget planning. Premiums are subject to annual variance due to external factors and internal performance, risk and claims management.</p> <p>General balances include assessment of financial risk from uninsured liabilities.</p>

## CAPITAL

### CAPITAL STRATEGY AND PROGRAMME 2022-27

The Council's Capital Strategy has been developed as a key document that determines the Council's approach to capital. It is an integral aspect of the Council's medium term service and financial planning process as reflected in the Medium Term Financial Strategy (MTFS). The Capital Strategy is concerned with, and sets the framework for, all aspects of the Council's capital expenditure over the period 2022-23 to 2026-27, including planning, prioritisation, management and funding.

The Council's Capital Strategy and Programme is closely related to, and informed by the Council's priorities, the Council's Asset Management Plans and capital funding grants and debt facilities provided by central government.

The majority of capital spend in 2022-27 is investment within Children's Services and Highways, traditionally funded through government grants and contributions from developers. At present the level of external capital funding available to the Council, does not match the anticipated needs of the programme, therefore the Council will require significant borrowing to enable funding of capital schemes in the programme.

The Capital Strategy and Programme 2022-2027 was approved by the County Council on 21 February 2023, the full report can be viewed on the County Council website [here](#)<sup>4</sup>.

### CAPITAL PROGRAMME 2023-27: £956.951M

The full Capital Programme for 2022-27, combining existing and proposed schemes, is presented in the following table. The Capital Programme for 2022-27+ totals £1,240.555m, of which **£956.971m** relates to the future years (2023-2027).

**Table 25: Capital Programme 2022-27**

Service	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m	Total £m
Adult Social Care	14.130	12.473	22.482	15.401	13.200	77.686
Children's Services	38.977	118.296	61.323	21.325	36.294	276.213
CES Highways	150.836	107.926	105.658	153.090	106.757	624.266
CES Other	28.896	58.706	23.483	1.200	1.217	113.501
Finance and Commercial Services	50.312	53.654	19.989	20.180	4.320	148.456
Strategy and Governance	0.432	0.000	0.000	0.000	0.000	0.432
<b>Total</b>	<b>283.583</b>	<b>351.054</b>	<b>232.934</b>	<b>211.196</b>	<b>161.787</b>	<b>1,240.555</b>

<sup>4</sup><https://norfolkcc.cmis.uk.com/norfolkcc/CalendarofMeetings/tabid/128/ctl/ViewMeetingPublic/mid/496/Meeting/1949/Committee/2/Default.aspx> (Item 5, Annex 2)

## CAPITAL EXPENDITURE

Capital expenditure in local government can fall into one of three categories:

- where expenditure results in the acquisition of, or the construction of, or the addition of subsequent costs to, noncurrent assets (tangible and intangible) in accordance with 'proper practices';
- where expenditure does not fall within the first category but meets one of the definitions specified in regulations made under the Capital Financing Regulations (England) 2003, which exempt certain expenditure being charged from revenue; or
- where the Secretary of State makes a direction that specific expenditure can be treated as capital expenditure.

Proper practices are defined across Great Britain to include the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code is published annually and its provisions relating to capitalisation are based on IAS 16 Property, Plant and Equipment.

A de-minimis level is applied when accounting for a new asset as capital – for Norfolk County Council this is £40,000, although capital funding can be applied to assets with lower value.

## CAPITAL FUNDING SOURCES

There are a variety of different sources of capital funding, each having different advantages, opportunity costs and risks attached.

## BORROWING

The Prudential Capital Finance system allows local authorities to borrow for capital expenditure without Government consent, provided it is affordable. Local Authorities must manage their debt responsibly and decisions about debt repayment should be made through the consideration of prudent treasury management practice.

As a guide, based on recent long term rates, borrowing incurs a revenue cost of approximately 8%. This is made up of two parts: the interest on the loan (maximum 5% assumed), and provision for the repayment of debt (known as the Minimum Revenue Provision or MRP) which for an asset with a life of 25 years is 4% per annum. The Council needs to be satisfied that it can afford this annual future revenue cost.

Local Authorities have to earmark sufficient revenue budget each year as provision for repaying debts incurred on capital projects. This is in addition to any ongoing maintenance and running costs associated with the investment.

**Table 26: Estimated incremental revenue costs of new capital schemes to be approved**

Estimated incremental revenue costs of new capital schemes to be approved	2022-23	2023-24	2024-25	2025-26	2026-27
Assumed interest rate	3.60%	5.00%	4.00%	4.00%	3.00%
Incremental impact	£m	£m	£m	£m	£m
Cumulative interest cost	1.465	4.453	2.436	1.127	0.573
MRP	2.034	4.453	2.900	1.523	0.955
<b>Total</b>	<b>3.499</b>	<b>8.906</b>	<b>5.336</b>	<b>2.650</b>	<b>1.528</b>

*Note: interest costs assume mid-year spend*

MRP and interest forecasts assume schemes delivered as set out in the programme. It is likely that a significant proportion of spend will be slipped into future years as schemes are developed and timing of expenditure becomes more certain. The table above shows the incremental costs associated with new schemes. It does not consider the use of previously overpaid MRP which reduced the charge to revenue in 2021-22. The actual budgeted financing costs and percentage of the net revenue stream this represents by the revenue costs of borrowing is set out in the Council's Treasury Management Strategy.

## GRANTS

The challenging financial environment means that national government grants are reducing or changing in nature. A large proportion of this funding is currently un-ringfenced which means it is not tied to particular projects. However, capital grants are allocated by Government departments which clearly intend that the grants should be for certain areas such as education or highways. So, although technically many grants are un-ringfenced, the political reality is not as clear cut.

Sometimes grant funding is not sufficient to meet legislative obligations and other sources of funding will be sought to cover the gap.

## CAPITAL RECEIPTS

Capital receipts are estimated and are based upon the likely sales of assets as identified under the developing Asset Management Plan. These include development sites, former school sites and other properties and land no longer needed for operational purposes. Receipts are critical to the repayment of debt, delivering our capital programme and reducing the level of borrowing.

## REVENUE / OTHER CONTRIBUTIONS

The Prudential Code allows for the use of additional revenue resources within agreed parameters. Contributions are received from other organisations to support the delivery of schemes with the main area being within the education programme with contributions made by individual schools and by developers.

## FINANCING THE PROGRAMME

**Table 27: Funding of the Capital Programme**

<b>Funding Source</b>	<b>2022-23 £m</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>	<b>Total £m</b>
External Grants and Contributions including Government grants	178.013	152.917	106.943	140.268	113.575	691.716
Revenue and Reserves	0.199	0.000	0.000	0.000	0.000	0.199
Capital receipts	24.000	20.000	10.000	10.000	10.000	74.000
Borrowing	81.371	178.137	115.991	60.929	38.212	474.639
<b>Total</b>	<b>283.583</b>	<b>351.054</b>	<b>232.934</b>	<b>211.196</b>	<b>161.787</b>	<b>1,240.555</b>

## CAPITAL RECEIPTS FORECAST

Where capital receipts are generated through the sale of assets or repayments of loans by third parties, these may be: (a) used to reduce the borrowing requirement of the Council's capital programme in that year, (b) held to offset against future capital borrowing requirements (c) used to repay existing borrowing, or (d) used in accordance with DLUHC guidance for the "Flexible use of capital receipts". In accordance with the Council's constitution, some of the County Farms Capital Receipts are reinvested back into the Farms Estate. Apart from these sales, capital receipts are a corporate asset and therefore not ring-fenced to any specific service or function.

**Table 28: Draft property available for disposal schedule, estimates**

<b>Capital Receipts</b>	<b>2022- 23 £m</b>	<b>2023- 24 £m</b>	<b>2024- 25 £m</b>	<b>2025- 26 £m</b>	<b>2026- 27 £m</b>
Capital Receipts brought forward	5.291	28.137	10.179	3.797	21.126
Loan repayments from subsidiaries	10.745	1.364	1.978	20.688	0.707
Loan repayments from LIF	6.903	0.000	0.000	0.000	0.000
	<b>22.938</b>	<b>29.501</b>	<b>12.157</b>	<b>24.485</b>	<b>21.833</b>
<b>Forecast Property Sales</b>					
High likelihood	30.424	2.546	1.441	3.536	3.250
Medium likelihood	0.225	1.132	3.149	2.695	0.535
Low likelihood (likely to move to future years)	1.550	0.000	0.050	0.410	0.000
<b>Total</b>	<b>32.199</b>	<b>3.678</b>	<b>4.640</b>	<b>6.641</b>	<b>3.785</b>
<b>TOTAL CAPITAL RECEIPTS FORECASTED (A)</b>	<b>55.137</b>	<b>33.179</b>	<b>16.797</b>	<b>31.126</b>	<b>25.618</b>
<b>Use of Capital Receipts</b>					
Funding in year capital expenditure	24.000	20.000	10.000	10.000	10.000
Potential for flexible use of capital receipts	3.000	3.000	3.000	0.000	0.000
<b>TOTAL USE OF CAPITAL RECEIPTS FORECASTED (B)</b>	<b>27.000</b>	<b>23.000</b>	<b>13.000</b>	<b>10.000</b>	<b>10.000</b>
<b>Capital Receipts carried forward</b>	<b>28.137</b>	<b>10.179</b>	<b>3.797</b>	<b>21.126</b>	<b>15.618</b>
<b>Property Sales analysed by farms/non-farms property</b>					
Farms	1.060	1.301	3.400	2.150	0.000
Non-farms	30.767	1.834	3.337	2.071	0.000
Major development sites (farmland)	0.376	0.600	3.425	0.000	0.000
	<b>32.203</b>	<b>3.735</b>	<b>10.162</b>	<b>4.221</b>	<b>0.000</b>

The figures included in the schedule are currently the best estimate of the value of properties available for disposal, pending formal valuations, planning decisions, timing of sales and delivery options, particularly in relation to housing schemes. More detailed valuations will become available as the properties are prepared for market.

The schedule is also only an indication of the phasing of disposals. Some sales will take place later than forecast, for example when planning or legal issues arise, whereas others may be accelerated as alternative sales and development opportunities are identified. These movements are tracked in capital monitoring reports presented to elected Members.

Forecast farms disposals are allocated separately, and this total is highly dependent on the sale of land for development. In accordance with the Council's Constitution, a proportion of the planning gain from farm sales is allocated for general capital purposes. Due to the uncertainties involved as to the arrangements, values and timing, the figures above are a guide and the outcomes will be reported as properties are sold.

## CAPITAL PROGRAMME MANAGEMENT

The Council has a number of specialist teams delivering the capital programme, including schools, transport and the Corporate Property Team.

These teams are supplemented by professional external advisors as necessary, including NPS Property Consultants Limited, professional highways consultants, and external valuers.

The Capital Programme is kept under continual review during the year. Each scheme is allocated a project officer whose responsibility is to ensure the project is delivered on time, within budget and achieves the desired outcomes.

Capital finance monitoring reports are prepared monthly for Members. The Cabinet takes an overview of the overall capital programme. The Capital Quarterly Review Board maintains an overview of all capital schemes, scrutinising the forecast and reviewing new capital projects and schemes developed by the service teams and project boards. All funding requests for new capital schemes must complete a Capital Bid Form. Various Project Boards, specialist teams of officers, and member-led Working Groups, such as the Children's Services Capital Priorities Group, oversee the co-ordination and management of significant elements of the Capital Programmes.

## STAFFING BUDGET

**Table 29: Staffing budget 2023-24**

Department	2022-23 FTE	Change	2023-24 FTE
Adult Social Services	1,894	26	1,920
Children's Services	2,201	141	2,342
Community and Environmental Services	1,818	-43	1,775
Strategy and Transformation	247	446	693
Governance	184	-184	
Finance	675	-240	435
<b>Total</b>	<b>7,020</b>	<b>146</b>	<b>7,165</b>

Adult Social Services has a net increase of 26fte driven by an increase of 86fte for transfer of Public Health posts from CES and 21.5fte for the creation of Ukraine Refugee Support wholly funded by government grant. This growth is materially offset by reductions in the core establishment. In order to deliver the ASS savings commitments, the Operational establishment has been reshaped to remove standalone teams and absorb those roles into wider departmental vacancies. Backoffice structures have been realigned in preparation for some of the expected outputs of the Strategic Review and to utilise specific one-off funding.

Children's Services increase includes Commission Service 42fte and Social Work Apprenticeships 50fte.

Community and Environmental Services reduction includes transfer of Public Health posts to Adult Social Services offset by 23fte for transfer of Corporate Property Team and 29fte for transfer of Procurement from Finance and Commercial Services.

Strategy and Transformation increase includes 225fte for transfer of IMT from Finance and Commercial Services and 201fte for transfer of Democratic Services and NPLaw from Governance.

## DEPARTMENTAL BUDGET PAGES

The following sections of the Budget Book provide information about how the budget is split within each department, and details all savings and pressures forecast within each department for the period 2023-27.

### ADULT SOCIAL SERVICES

- Director of Commissioning
- Director of Community Health and Social Care
- Director of Community Social Work
- Director of Strategy and Transformation
  - Summary of Purchase of Care budgets
- Public Health
- Management, Finance and HR

### CHILDREN'S SERVICES

- Commissioning, Partnerships and Resources
- Learning and Inclusion
- Quality, Transformation and Leadership
- Social Care
- Schools

### COMMUNITY AND ENVIRONMENTAL SERVICES

- Community Information and Learning
- Corporate Property Team
- Culture and Heritage
- Fire
- Growth and Development
- Highways and Waste
- Performance and Governance
- Procurement

### STRATEGY AND TRANSFORMATION

- Communications
- Democratic Services
- Human Resources and Organisational Development
- Information Management and Technology
- Intelligence and Analytics
- NPLaw
- Strategic Services
- Strategy Director
- Transformation

### FINANCE

- Finance
- Finance General

## ADULT SOCIAL SERVICES

### ADULT SOCIAL SERVICES PRIORITIES

The Adult Social Services budget is one that is predominately demand led and seeks to provide investment and funding into delivering:

- **Prevention and early help:** empowering and enabling people to live independently for as long as possible within the Communities they know and love
- **Staying independent for longer:** intervening with help and support earlier for people most likely to develop certain needs.
- **Living with complex needs:** providing life-long support for people who need it

The Better Together, for Norfolk Council strategy creates 5 clear priorities. The Adult Social Care strategy underpinning the departments delivery of these priorities is called **Promoting Independence: Living Well and Changing Lives.**

For Norfolk, our vision is to: **“Support people to be independent, resilient and well”.**

As we came out of the pandemic, we developed a 3-pronged approach to driving the department forward. This focused on:

#### **Transformation of Adult Social Care**

- Our new Connecting Communities programme
- Short term offer, in particular driving home first principles to support people home from hospital
- Commissioning the Care Market (market shaping and accommodation development)

#### **The national reform of Adult Social Care**

- Preparing to deliver the Government’s “Putting People at the Heart of Care” white paper
- Delivering the Integration white paper

#### **The recovery of Adult Social Care**

- Clearing the backlogs of care that have built during the pandemic
- Recruitment and Retention of our Social Care workforce
- The wellbeing of our staff
- Stabilising the external care market
- Decreasing our interim care lists

As we move into 2023-24, it will be the right time to launch our third phase of the Promoting Independence Strategy.

Our financial strategy remains fairly consistent as we move from 2022-23 to 2023-24. 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.

What we continue to evolve and strengthen is the focus on specific areas of change required to deliver the themes of our Financial Strategy. Whilst Promoting Independence gave us the broad approach, centring on demand management, our continued development has allowed us to begin to focus on specifics.

Our 2023-27 budget cycle includes some very specific areas of focus that we believe will deliver financial benefits in a supported way. In particular:

- **We will drive forward self-directed support**, ensuring those who draw on social care have choice and flexibility in the way their needs are met. We

believe this level of control often creates ownership of cost and the innovative ways care can be delivered create cost efficiency.

- **We will review those people who require two carers** to provide the care in their homes. We will work with those people and their care providers to see if alternative approaches, such as the provision of enabling equipment, can be utilised to reduce the demand on physical staff time.
- **We will transform the service supporting people with a physical disability.** In doing so, under the strategic review, we will create a standalone service to recognise the focus and specific service offer that will enable us to appropriately meet the needs of this group of people. Alongside this we will continue our transformation of the support to people with Learning Disabilities.
- **We will focus on prevention** in some specific areas that appear to drive the need for Social Care. These include but not limited to recovering from or ideally preventing falls, self-neglect and hoarding, and the support required overnight within your own home.
- **We will continue our building programme** to develop alternative and enabling accommodation for both younger adults with disabilities and our older adults.
- **We will deliver our Connecting Communities programme** that promises to revolutionise our models of care and really unleash the power of data, analytics, and targeted prevention.

## ADULT SOCIAL SERVICES – EXECUTIVE DIRECTOR – JAMES BULLION

Table 30: Adult Social Services Budget Tables

<b>Breakdown of Gross Expenditure</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Director of Commissioning	72.922	67.462	68.791	70.148
Director of Community Health and Social Care	249.508	260.858	269.887	279.385
Director of Community Social Work	195.801	197.254	201.155	205.269
Director of Strategy and Transformation	11.678	11.456	11.709	11.968
Public Health	52.829	51.767	51.785	51.804
Management, Finance, and HR	11.954	10.033	10.076	10.119
<b>Total</b>	<b>594.692</b>	<b>598.830</b>	<b>613.402</b>	<b>628.693</b>

Exp Internal Recharge	1.442
<b>Total Gross Expenditure</b>	<b>596.134</b>

<b>Breakdown of Gross Income</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Director of Commissioning	-9.695	-3.283	-3.284	-3.284
Director of Community Health and Social Care	-90.247	-91.432	-93.083	-94.768
Director of Community Social Work	-38.176	-36.367	-36.486	-36.739
Director of Strategy and Transformation	-3.753	-3.332	-3.332	-3.332
Public Health	-52.783	-51.710	-51.717	-51.724
Management, Finance, and HR	-150.510	-156.151	-156.159	-156.168
<b>Total</b>	<b>-345.165</b>	<b>-342.275</b>	<b>-344.060</b>	<b>-346.014</b>

Inc Internal Recharge	-1.442
<b>Total Gross Income</b>	<b>-346.607</b>

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Director of Commissioning	63.226	64.179	65.507	66.864
Director of Community Health and Social Care	159.261	169.427	176.803	184.617
Director of Community Social Work	157.625	160.887	164.669	168.530
Director of Strategy and Transformation	7.925	8.125	8.377	8.637
Public Health	0.045	0.057	0.068	0.080
Management, Finance, and HR	-138.556	-146.118	-146.084	-146.049
<b>Total</b>	<b>249.526</b>	<b>256.555</b>	<b>269.342</b>	<b>282.680</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	79.803	78.357	80.398	82.629
Premises	2.394	2.395	2.426	2.426
Transport	0.851	0.854	0.856	0.858
Supplies and Services	59.942	61.462	67.586	73.610
Agency and Contract Services	400.586	403.982	409.561	415.752
Transfer Payments	33.560	34.231	34.916	35.614
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	14.315	14.308	14.419	14.563
Exp Internal Recharge	1.442	0.603	0.603	0.603
Capital Financing	3.241	3.241	3.241	3.241
<b>Total Expenditure</b>	<b>596.134</b>	<b>599.433</b>	<b>614.005</b>	<b>629.296</b>
Government Grants	-152.026	-165.962	-165.962	-165.962
Other Grants, Reimburs & Contrib. - NHS	-1.168	-1.168	-1.168	-1.168
Other Grants, Reimburs & Contrib.	-92.786	-74.689	-74.560	-74.560
Customer & Client Receipts - Care Contributions	-93.119	-94.981	-96.881	-98.818
Customer & Client Receipts	-0.750	-0.765	-0.780	-0.796
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-5.316	-4.709	-4.709	-4.709
Inc Internal Recharge	-1.442	-0.603	-0.603	-0.603
<b>Total Income</b>	<b>-346.607</b>	<b>-342.878</b>	<b>-344.663</b>	<b>-346.616</b>
<b>Net Budget</b>	<b>249.526</b>	<b>256.555</b>	<b>269.342</b>	<b>282.680</b>

## DIRECTOR OF COMMISSIONING

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Brokerage, Workforce and Markets	3.181	3.266	3.344	3.424
Commissioning Management	0.310	0.321	0.332	0.343
Community Support Commissioning	3.969	3.566	3.648	3.731
Domestic Abuse Support	0.061	0.103	0.084	0.065
Housing Related Support	4.259	4.350	4.443	4.538
Independence Matters	11.856	12.097	12.343	12.594
Mental Health Commissioning	1.168	1.202	1.236	1.270
Norse Care	35.771	36.486	37.214	37.956
Social Care and Health Partnership Commissioning	3.010	3.082	3.158	3.236
<b>Total</b>	<b>63.586</b>	<b>64.474</b>	<b>65.803</b>	<b>67.159</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	5.981	5.422	5.568	5.719
Premises	0.004	0.004	0.004	0.004
Transport	0.002	0.002	0.002	0.002
Supplies and Services	5.366	2.854	2.857	2.861
Agency and Contract Services	61.341	58.978	60.158	61.361
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.229	0.203	0.203	0.203
Exp Internal Recharge	0.647	0.316	0.316	0.316
Capital Financing	0.000	0.000	0.000	0.000
<b>Total Expenditure</b>	<b>73.568</b>	<b>67.778</b>	<b>69.107</b>	<b>70.465</b>
Government Grants	-3.151	-1.304	-1.304	-1.304
Other Grants, Reimburs & Contrib. - NHS	-0.836	-0.836	-0.836	-0.836
Other Grants, Reimburs & Contrib.	-4.512	-0.252	-0.252	-0.252
Customer & Client Receipts - Care Contributions	0.000	0.000	0.000	0.000
Customer & Client Receipts	-0.017	-0.017	-0.017	-0.018
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-1.179	-0.874	-0.874	-0.874
Inc Internal Recharge	-0.287	-0.021	-0.021	-0.021
<b>Total Income</b>	<b>-9.982</b>	<b>-3.305</b>	<b>-3.305</b>	<b>-3.305</b>
<b>Net Budget</b>	<b>63.586</b>	<b>64.474</b>	<b>65.803</b>	<b>67.159</b>

## DIRECTOR OF COMMUNITY HEALTH AND SOCIAL CARE

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Care & Assessment Community Care	12.554	12.840	13.262	13.698
Care & Assessment Follow On Teams	3.828	3.958	4.089	4.224
Group Management and Admin	0.757	0.779	0.801	0.824
Hospital Care and Support	0.524	0.504	0.521	0.538
Norfolk First Response	14.217	14.659	15.204	15.765
Purchase of Care: Older People	102.428	111.218	116.926	123.027
Purchase of Care: Physical Disabilities	24.797	25.316	25.846	26.386
<b>Total</b>	<b>159.106</b>	<b>169.272</b>	<b>176.649</b>	<b>184.463</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	37.357	37.773	38.904	40.069
Premises	0.027	0.027	0.027	0.027
Transport	0.675	0.676	0.677	0.679
Supplies and Services	0.580	7.896	14.002	20.008
Agency and Contract Services	189.140	192.322	193.669	195.542
Transfer Payments	20.272	20.678	21.091	21.513
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	1.457	1.486	1.516	1.546
Exp Internal Recharge	0.036	0.036	0.036	0.036
Capital Financing	0.000	0.000	0.000	0.000
<b>Total Expenditure</b>	<b>249.545</b>	<b>260.895</b>	<b>269.923</b>	<b>279.421</b>
Government Grants	-0.245	-0.245	-0.245	-0.245
Other Grants, Reimburs & Contrib. - NHS	0.000	0.000	0.000	0.000
Other Grants, Reimburs & Contrib.	-8.856	-8.422	-8.422	-8.422
Customer & Client Receipts - Care Contributions	-80.946	-82.565	-84.216	-85.900
Customer & Client Receipts	-0.001	-0.001	-0.001	-0.001
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-0.200	-0.200	-0.200	-0.200
Inc Internal Recharge	-0.191	-0.191	-0.191	-0.191
<b>Total Income</b>	<b>-90.438</b>	<b>-91.623</b>	<b>-93.274</b>	<b>-94.959</b>
<b>Net Budget</b>	<b>159.106</b>	<b>169.272</b>	<b>176.649</b>	<b>184.463</b>

## DIRECTOR OF COMMUNITY SOCIAL WORK

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Care & Assessment Learning Disabilities	4.446	4.561	4.693	4.829
Care & Assessment Mental Health	4.130	4.268	4.397	4.527
Group Management and Admin	1.965	2.033	2.098	2.166
Learning Disabilities Commissioning	6.713	6.840	6.984	7.129
Protecting Vulnerable Adults	3.131	3.035	3.138	3.245
Purchase of Care: Learning Disabilities	111.024	113.425	115.877	118.378
Purchase of Care: Mental Health, Drug & Alcohol	21.046	21.583	22.131	22.690
SCCE	3.157	3.249	3.345	3.443
Social Work Development	1.725	1.786	1.839	1.894
Vulnerable People Resettlement	0.009	0.063	0.123	0.184
<b>Total</b>	<b>157.347</b>	<b>160.843</b>	<b>164.626</b>	<b>168.487</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	22.533	21.738	22.260	22.927
Premises	2.344	2.344	2.374	2.374
Transport	0.100	0.099	0.099	0.099
Supplies and Services	4.428	4.060	4.060	4.061
Agency and Contract Services	147.582	149.825	152.821	155.878
Transfer Payments	13.288	13.553	13.824	14.101
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	5.526	5.635	5.716	5.830
Exp Internal Recharge	0.118	0.090	0.090	0.090
Capital Financing	0.000	0.000	0.000	0.000
<b>Total Expenditure</b>	<b>195.919</b>	<b>197.343</b>	<b>201.245</b>	<b>205.359</b>
Government Grants	-0.976	-0.976	-0.976	-0.976
Other Grants, Reimburs & Contrib. - NHS	-0.332	-0.332	-0.332	-0.332
Other Grants, Reimburs & Contrib.	-24.274	-22.258	-22.129	-22.129
Customer & Client Receipts - Care Contributions	-12.173	-12.416	-12.665	-12.918
Customer & Client Receipts	0.000	0.000	0.000	0.000
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-0.422	-0.385	-0.385	-0.385
Inc Internal Recharge	-0.396	-0.133	-0.133	-0.133
<b>Total Income</b>	<b>-38.572</b>	<b>-36.500</b>	<b>-36.619</b>	<b>-36.872</b>
<b>Net Budget</b>	<b>157.347</b>	<b>160.843</b>	<b>164.626</b>	<b>168.487</b>

## DIRECTOR OF STRATEGY AND TRANSFORMATION

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
AT, Sensory, and Development Work	2.763	2.839	2.916	2.996
Business Support	2.935	3.021	3.111	3.204
Social Care Systems	1.573	1.627	1.672	1.719
Transformation	0.504	0.541	0.580	0.621
<b>Total</b>	<b>7.774</b>	<b>8.027</b>	<b>8.280</b>	<b>8.539</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	7.787	7.671	7.901	8.138
Premises	0.010	0.012	0.012	0.012
Transport	0.049	0.049	0.049	0.049
Supplies and Services	3.284	3.213	3.225	3.238
Agency and Contract Services	0.501	0.511	0.522	0.532
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.046	0.000	0.000	0.000
Exp Internal Recharge	0.063	0.000	0.000	0.000
Capital Financing	0.000	0.000	0.000	0.000
<b>Total Expenditure</b>	<b>11.740</b>	<b>11.456</b>	<b>11.709</b>	<b>11.968</b>
Government Grants	0.000	0.000	0.000	0.000
Other Grants, Reimburs & Contrib. - NHS	0.000	0.000	0.000	0.000
Other Grants, Reimburs & Contrib.	-1.810	-1.532	-1.532	-1.532
Customer & Client Receipts - Care Contributions	0.000	0.000	0.000	0.000
Customer & Client Receipts	0.000	0.000	0.000	0.000
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-1.944	-1.800	-1.800	-1.800
Inc Internal Recharge	-0.213	-0.097	-0.097	-0.097
<b>Total Income</b>	<b>-3.966</b>	<b>-3.429</b>	<b>-3.429</b>	<b>-3.429</b>
<b>Net Budget</b>	<b>7.774</b>	<b>8.027</b>	<b>8.280</b>	<b>8.539</b>

## SUMMARY OF PURCHASE OF CARE BUDGETS

The following table provides further details in relation to total budgets for people who draw upon social care services, analysed by Purchase of Care specialism. This reflects the Council's financial monitoring format. Responsibility for these budgets is split across the Director of Community Health & Social Care Operations and the Director of Community Social Work on a locality basis as detailed above.

**Table 31: 2023-24 budgets within Adult Social Care summarised by Purchase of Care specialism**

Purchase of Care Specialism	Older People	People with Physical Disabilities	People with Learning Disabilities	Mental Health	Transport	Staffing & Support Costs	Total
	£m	£m	£m	£m	£m	£m	£m
Expenditure	180.349	29.063	124.635	28.990	6.916	45.451	<b>415.404</b>
Income	-78.944	-4.691	-18.965	-8.060	0.000	-6.247	<b>-116.906</b>
<b>Net</b>	<b>101.404</b>	<b>24.372</b>	<b>105.670</b>	<b>20.930</b>	<b>6.916</b>	<b>39.204</b>	<b>298.497</b>

## PUBLIC HEALTH

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Adults	9.610	9.610	9.610	9.610
Business & Staffing	-35.643	-34.549	-34.537	-34.525
Catch up programmes	1.200	0.072	0.072	0.072
Children & Young People Programme	17.149	17.149	17.149	17.149
Healthy Living	0.062	0.062	0.062	0.062
Intelligence & Info Management	0.271	0.271	0.271	0.271
Mental Health	0.596	0.596	0.596	0.596
Sexual Health	6.800	6.845	6.845	6.845
<b>Total</b>	<b>0.045</b>	<b>0.057</b>	<b>0.068</b>	<b>0.080</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	5.264	5.274	5.285	5.296
Premises	0.007	0.007	0.007	0.007
Transport	0.025	0.028	0.029	0.029
Supplies and Services	41.260	40.178	40.178	40.178
Agency and Contract Services	0.373	0.381	0.388	0.396
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	5.899	5.899	5.899	5.899
Exp Internal Recharge	0.161	0.161	0.161	0.161
Capital Financing	0.000	0.000	0.000	0.000
<b>Total Expenditure</b>	<b>52.990</b>	<b>51.928</b>	<b>51.946</b>	<b>51.965</b>
Government Grants	-46.845	-47.265	-47.265	-47.265
Other Grants, Reimburs & Contrib. - NHS	0.000	0.000	0.000	0.000
Other Grants, Reimburs & Contrib.	-5.171	-3.672	-3.672	-3.672
Customer & Client Receipts - Care Contributions	0.000	0.000	0.000	0.000
Customer & Client Receipts	-0.324	-0.330	-0.337	-0.344
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-0.443	-0.443	-0.443	-0.443
Inc Internal Recharge	-0.161	-0.161	-0.161	-0.161
<b>Total Income</b>	<b>-52.944</b>	<b>-51.871</b>	<b>-51.877</b>	<b>-51.884</b>
<b>Net Budget</b>	<b>0.045</b>	<b>0.057</b>	<b>0.068</b>	<b>0.080</b>

## MANAGEMENT, FINANCE, AND HR

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Departmental Management	-0.162	-0.158	-0.163	-0.168
Finance	-139.291	-147.117	-147.084	-147.051
HR Learning and Development	1.120	1.157	1.164	1.171
<b>Total</b>	<b>-138.332</b>	<b>-146.118</b>	<b>-146.084</b>	<b>-146.049</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	0.880	0.478	0.480	0.482
Premises	0.002	0.002	0.002	0.002
Transport	0.001	0.001	0.001	0.001
Supplies and Services	5.024	3.262	3.263	3.265
Agency and Contract Services	1.649	1.964	2.004	2.044
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	1.157	1.085	1.085	1.085
Exp Internal Recharge	0.418	0.000	0.000	0.000
Capital Financing	3.241	3.241	3.241	3.241
<b>Total Expenditure</b>	<b>12.373</b>	<b>10.033</b>	<b>10.076</b>	<b>10.119</b>
Government Grants	-100.809	-116.173	-116.173	-116.173
Other Grants, Reimburs & Contrib. - NHS	0.000	0.000	0.000	0.000
Other Grants, Reimburs & Contrib.	-48.164	-38.554	-38.554	-38.554
Customer & Client Receipts - Care Contributions	0.000	0.000	0.000	0.000
Customer & Client Receipts	-0.409	-0.417	-0.425	-0.434
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-1.129	-1.007	-1.007	-1.007
Inc Internal Recharge	-0.195	0.000	0.000	0.000
<b>Total Income</b>	<b>-150.705</b>	<b>-156.151</b>	<b>-156.159</b>	<b>-156.168</b>
<b>Net Budget</b>	<b>-138.332</b>	<b>-146.118</b>	<b>-146.084</b>	<b>-146.049</b>

Reference	Budget change forecasts for 2023-27 Adult Social Services	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
	<b>OPENING BUDGET</b>	<b>263.193</b>	<b>249.526</b>	<b>256.555</b>	<b>269.342</b>
	<b>ADDITIONAL COSTS</b>				
	<b>Economic / Inflationary</b>				
	Basic Inflation - Pay (3%)	2.117	2.214	2.171	2.232
	Basic Inflation - Prices	7.109	6.969	7.016	7.106
G2324ASS001	Pay award 2022-23 (£1,925 on all SCP)	4.372	0.000	0.000	0.000
G2324CES001	Pay award 2022-23 (£1,925 on all SCP)	0.022	0.000	0.000	0.000
G2324ASS002	Remove NI 2022-23 1.25% increase (abolition of H&SC Levy)	-0.643	0.000	0.000	0.000
G2324CES002	Remove NI 2022-23 1.25% increase (abolition of H&SC Levy)	-0.003	0.000	0.000	0.000
	<b>Legislative Requirements</b>				
G2223ASS008	Pay and Price Market Pressures	6.728	7.010	0.000	0.000
G2223ASS006	New Social Care reform pressures funding - cost of care	7.626	0.000	0.000	0.000
G2223ASS006	Remove pressures linked to Social Care reform - cost of care due to implementation delay	-7.626	0.000	0.000	0.000
G2324ASS005	ASC Discharge Fund pooled within iBCF - cost pressures	5.554	0.000	0.000	0.000
G2324ASS004	Market pressures including National Living Wage and cost of care	9.250	0.000	0.000	0.000
	<b>Demand / Demographic</b>				
G2223ASS008	Demographic growth	6.100	6.100	6.100	6.000
G2324ASS003	Leap year pressure in Adult Social Care	0.600	-0.600	0.000	0.000
	<b>NCC Policy</b>				
G2223ASS003	Emerging cost pressures for social care demography and market pressures in 2023-24	7.000	0.000	0.000	0.000
G2324ASS007	Adult Social Care one-off funding for inspection and assurance preparation activities	2.000	-2.000	0.000	0.000
		<b>50.206</b>	<b>19.693</b>	<b>15.287</b>	<b>15.338</b>
	<b>SAVINGS</b>				
S2122ASS015	Revising the short term out of hospital offer - We want to review what our offer is – as part of a health and social care intermediate care offer. This will allow us to focus more resources on home first services, including greater therapy input, and moving away from a reliance on short-term beds.	2.000	0.000	0.000	0.000
S2223ASS027	Recognising additional benefits from our existing savings programme. Linked to our existing saving ASC044: Extra care housing programme - delivering savings by building 2,800 units of extra care housing for older adults.	-0.175	-1.100	0.000	0.000

Reference	Budget change forecasts for 2023-27 Adult Social Services	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
S2223ASS028	Delivering a saving through an accelerated Supported Housing Programme. Providing 183 units of supported housing for younger adults over a three year period, which is expected to increase independence and help in fewer people needing to be supported early in residential care.	0.500	0.000	0.000	0.000
S2223ASS030	Recognising additional benefits from our existing savings programme. Linked to our existing saving ASC018: Working with our partners to reshape our approach to supporting people on their initial contact with Adult Social Care (the "Front Door"). We will review our process and how we support people early on in the social care pathway and help their care needs before they escalate.	-4.500	-4.000	0.000	0.000
S2223ASS031	Improving market utilisation and delivering efficiencies. Strengthening our contract and performance management by getting better value for money in services we purchase by targeting the funding we have available to us.	-1.500	-0.500	0.000	0.000
S2223ASS032	Learning Disabilities transformation. Continued implementation of Norfolk's Learning Disability strategy. This sees the continued development of more choices and alternatives to residential care and access to community based activities.	-1.500	0.000	0.000	0.000
S2223ASS034	Expansion of Self Directed Support. Delivering a saving by utilising more Direct Payments rather than commissioned services, particularly when Direct Payments offer individuals more choice and are cost effective.	-0.100	-0.100	0.000	0.000
S2223ASS035	Use of ASC reserves. One-off release of reserves to offset budget pressures.	3.000	0.000	0.000	0.000
S2223ASS038	Double up care reviews. Using therapists to lead reviews on care packages requiring two carers to attend, in order to consider alternatives to having two carers on site.	-0.200	0.000	0.000	0.000
S2223ASS039	A strategic refocus of NCC's investment in Intermediate Care Services	-0.200	0.000	0.000	0.000

Reference	Budget change forecasts for 2023-27 Adult Social Services	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
S2324ASS040	Connecting Communities: Recognising additional benefits from our existing savings programme. Linked to our existing saving ASC018 and 2223ASS030	-2.360	-0.600	-2.500	-2.000
S2324ASS041	One-off usage of ASC Reserves	-3.000	3.000	0.000	0.000
S2324ASS042	Working with partners to fully recover the costs of integrated services	-0.200	0.000	0.000	0.000
S2324ASS043	Expansion of Self Directed Support. Recognising additional benefits from our existing savings programme. Linked to our existing saving 2223ASS034	-0.300	0.000	0.000	0.000
S2324ASS044	Double up care reviews. Recognising additional benefits from our existing savings programme. Linked to our existing saving 2223ASS038	-0.600	0.000	0.000	0.000
S2324ASS045	One-off usage of Adult Social Care (ASC) Reserves: Additional one-off usage of ASC Reserves (reprioritisation)	-2.000	2.000	0.000	0.000
S2324ASS046 [SR]	Reduction in staff travel costs: Post pandemic, staff travel has not returned to the level seen in previous years. This proposal reflects the changing pattern of spend	-0.300	0.000	0.000	0.000
S2324ASS047	Review of budget assumptions: Removal of cost pressures previously assumed in the ASC budget which are no longer expected to be required	-2.000	0.000	0.000	0.000
S2324ASS048	Review of budget assumptions: Reprioritised Better Care Fund (BCF) and Improved Better Care Fund (IBCF) investment	-1.855	0.000	0.000	0.000
S2324ASS049	Review of service levels and demand post pandemic: Targeted interventions relating to the Adult and Older Care Budgets – getting it right first time	-3.000	0.000	0.000	0.000
S2324ASS050 [SR]	Transformation of Physical Disabilities Services: Delivering improved choice and independent outcomes for people with a Physical Disability.	-1.500	0.000	0.000	0.000
S2324ASS051	Review of budget assumptions: Utilising alternative funding sources to maintain ASC Prevention Services	-1.000	0.000	0.000	0.000
S2324ASS052	Additional capitalisation to release further one-off reserves	-4.000	4.000	0.000	0.000
S2324ASS053	MH Transformation	-0.250	0.000	0.000	0.000

Budget change forecasts for 2023-27 Adult Social Services		2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
S2324ASS054 [SR]	Strategic Review – Opportunity A and B	-3.000	0.000	0.000	0.000
		<b>-28.040</b>	<b>2.700</b>	<b>-2.500</b>	<b>-2.000</b>
	<b>BASE ADJUSTMENTS</b>				
B2223ASS001	New Social Care Reform grant	-7.626	0.000	0.000	0.000
B2324ASS001	Reverse assumptions for Social Care Reform grant	10.447	0.000	0.000	0.000
B2324ASS002	Government Funding changes: ASC Discharge Fund	-5.554	0.000	0.000	0.000
B2324ASS003	Government Funding changes: Social Care Funding (£25.030m Social Care Grant, £9.785m "ASC Market Sustainability and Improvement Fund")	-34.815	-15.364	0.000	0.000
B2324ASS004	Adults grant assumption decreases (2023-24 Independent Living Fund rolled in to Social Care Grant)	1.379	0.000	0.000	0.000
		<b>-36.170</b>	<b>-15.364</b>	<b>0.000</b>	<b>0.000</b>
	<b>COST NEUTRAL ADJUSTMENTS</b>				
	CES/ASS - PH 22/23 agreed new cross cutting transfers	-0.250	0.000	0.000	0.000
C2324ASS001	Depreciation transfer	0.579	0.000	0.000	0.000
C2324ASS002	REFCUS	0.001	0.000	0.000	0.000
C2324CES001	Depreciation transfer	-0.004	0.000	0.000	0.000
C2324CES002	Debt management transfer	0.000	0.000	0.000	0.000
C2324CES006	CES/CS - Repeat Removals Prevention	0.080	0.000	0.000	0.000
	Virements	-0.069	0.000	0.000	0.000
		<b>0.337</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
	<b>NET BUDGET</b>	<b>249.526</b>	<b>256.555</b>	<b>269.342</b>	<b>282.680</b>

## CHILDREN'S SERVICES

### CHILDREN'S SERVICES PRIORITIES

Children's Services nationally continue 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 as child sexual and criminal exploitation and the threat of radicalisation.

The cost-of-living crisis is an additional factor that has emerged in recent months both directly in relation to financial pressures increasing the challenges facing families who may already be struggling, and indirectly. It is currently unclear what impact this may have upon demand for services, as well as the impact upon our own workforce and that of the wider system.

The Association of Directors of Children's Services (ADCS) have recently published a thematic report on children's mental health<sup>5</sup>. This report resonates with the situation currently seen in Norfolk, in particular:

- Proportion of assessments where mental health is a factor is increasing across early help and social care
- Emotional disorders, particularly anxiety, depression and eating disorders are also rising, as is self-harm, suicide and suicidal ideation.
- The wider challenging economic climate and cost of living crisis increases pressure on struggling families and can test emotional resilience; such circumstances are a contributory factor to the emotional wellbeing of children and their families
- The resources available to meet the current level of demand is not readily available and/or accessible, resulting in waiting lists.
- Results in bespoke packages of care being purchased that include therapeutic work for children that cannot access CAMHS support
- There has been a reduction in the provision of Tier 4 beds commissioned by NHS England while at the same time demand for such placements has increased. This lack of provision directly impacts authorities as responsibility often falls to children's social care to accommodate the child to ensure the safety and welfare of themselves and of others.
- Waiting lists for interventions are too long and delays can affect other areas of a child's life, such as negatively impacting upon their education and attendance at school.
- This can result in increased and/or escalating needs for children whilst waiting, which respondents felt was unnecessary, or a child being refused a service as they do not meet the clinical criteria with no alternative offer
- Unmet emotional wellbeing and poor mental health needs have a knock-on effect to any other work taking place with professionals to meet other needs a child may have

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<sup>5</sup> [ADCS Safeguarding Pressures Phase 8 Special Thematic Report on Mental Health](#)

- More children attending acute emergency settings in crisis, resulting in the child receiving more intrusive crisis care
- Where children do not have their emotional wellbeing and mental health needs met in a timely and effective way, this can often result in costly local authority involvement as families reach crisis point and look to safeguarding services to keep themselves and their children safe
- Family breakdown as parents are unable to cope, resulting in some instances with the child coming into the care of the local authority
- Children’s unaddressed poor emotional wellbeing and mental ill-health will, without adequate support, continue into adulthood and ultimately affect life chances

The Eastern Region of Association of Directors of Children’s Services have produced a report on Placement Sufficiency for Young People in Care focusing on the impact of the 2021 Placement Regulations on Placement Costs and Outcomes for children and young people. This identifies that the current situation in respect of both placement costs and availability is unsustainable and calls on the Government to act immediately to mitigate the impact of the regulation change, assess the unfunded financial burden of the regulations and pause the implementation of future changes planned until future financial burdens have been fully assessed. The combination of barriers to new entrants to the market and further restrictions on placement availability caused by the regulation changes has resulted in dramatic cost increases seen across the region, illustrated by the table below:

Placement Type	Average weekly unit cost	Average weekly unit cost	% Increase
	2020/21	2021/22	
New registered residential placements made in period	£5,292	£5,828	10%
Cost for all registered residential placements in place	£3,854	£4,604	19%
New unregulated/unregistered placements for under 16s made in period	£2,287	£7,131	312%
New Semi-Independent Placements for 16- and 17-year-olds	£1,238	£1,566	26%

During 2022, the Government published the long awaited National Social Care Review<sup>6</sup> and the SEND & AP Green Paper ‘SEND review: right support, right place, right time’<sup>7</sup>. The Government’s implementation plans of both of these reviews are awaited.

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## LOCAL CONTEXT

<sup>6</sup> <https://childrensocialcare.independent-review.uk/final-report/>

<sup>7</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1063620/SEND\\_review\\_right\\_support\\_right\\_place\\_right\\_time\\_accessible.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1063620/SEND_review_right_support_right_place_right_time_accessible.pdf)

Children’s Services vision and strategy is crucial to delivering the right outcomes for children, whilst also ensuring that provision is preventative, sustainable, and offers value for money.

Following a full Ofsted inspection, inspectors have praised Children’s Services at NCC, judging the authority as “good” and highlight “exemplary” and “exceptional” areas of practice. This recognises “significant improvements” in the services for children and their families, investment in services, “compassionate, warm and committed workers and carers”, and “a stable and determined children’s senior leadership team, endorsed by councillors, has been innovative, establishing a shared practice culture and new ways of working which have transformed services”.

The inspection outcome and report narrative from the inspectors demonstrates the embedding of Vital Signs for Children (driving the way we work with children and families – our practice principles) and our Flourish framework for outcomes for children and young people.





The overall number of children in care and having placements has broadly stabilised, which is a better position than in many local authority areas, but the cost is increasing substantially. This is primarily due to the cohort with the very highest and most complex needs continuing to grow as a proportion of all children looked after; particularly as we have been successful with interventions and new models of working to keep children out of care when appropriate to do so.

In particular, New Roads is proving very successful in keeping children out of care. Without such transformative interventions, the level of pressure would be significantly higher with prices potentially further inflated due to market forces. However, the cost avoidance and reduction being achieved is counteracted by the volume and complexity of need along with market forces, which is proving to be significantly higher than modelled within the 2022-23 budget, particularly in relation to the number of external residential placements for children and an increase in the unit cost of such placements as well as the packages of support we are creating for children and young people with very challenging needs.

The proportion of children in foster care is lower than anticipated through our transformation programme due to lower numbers of placements being available, reflecting national shortages of foster carers. Consequentially, the proportion of children in external residential care, driven by sufficiency challenges elsewhere in the care market as well as complexity of need, is higher (39% more residential placements in 2022-23 than budgeted). Additionally, the costs of placements are, on average, significantly exceeding 2022-23 budgeted values; again, a trend seen nationally. This pressure is despite the considerable evidenced impact of New Roads showing a very significant diversion from care for many adolescents who may otherwise have needed to be accommodated in additional residential placements far exceeding current forecasts.

Alongside transformation of children’s social care, Norfolk County Council has also undertaken the first phase of our Special Educational Needs and Alternative Provision transformation, particularly through the significant capital investment programme in additional special schools and specialist resource-based provision within mainstream primary and secondary schools. Having completed the first phase of our improvement planning, The Council is now launching Local 1st Inclusion as the next stage covering the period 2023-29.

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## SERVICE FINANCIAL STRATEGY

This evidence shows that Children’s Services core strategy and transformation approach is working, and our transformation programme evidences delivery of significant financial savings and avoidance of further financial pressures through keeping families together and reducing numbers in care since we started our transformation programme. Alongside the significant financial benefits, the recent inspection by Ofsted has confirmed that the programme and service have also delivered improved outcomes for children and families.

Given the success of the programme to date, our transformative approach to services remains core to our strategic financial approach. Existing schemes continue to be embedded and deliver benefits, whilst new schemes continue to be delivered within the five key themes around which our transformation strategy has been built:

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

**Norfolk County Council** **Vital Signs for Children**

## Our five strategic themes

- Inclusion**
  - Supporting more children to stay in mainstream education.
  - Investing in specialist resource bases.
  - Reducing school exclusions.
- Prevention and early help**
  - Creation of the children's advice and duty service to ensure children getting the right support as quickly as possible.
  - Developing a new early prevention model, so that families get help earlier.
- Effective practice model**
  - Creation of a new social work model – with a team around practitioners, so that they can spend more time with families.
  - New case discussion meetings, deploying resources earlier rather than at the point of crisis.
  - Specialist professionals, such as substance misuse workers and domestic abuse specialists to support social work teams.
- Edge of care and alternatives to care**
  - New therapeutic service for families with children at the edge of care (SIB).
  - Turnaround short breaks alternatives to care provision.
  - A focus on family finding and building support networks from extended families.
  - New Roads – specialist hubs, wrapping support around our most vulnerable children and young people.
- Managing the care market and creating capacity**
  - £120m investment in special educational needs, including at least three new special schools.
  - £5m investment in semi-independent provision.
  - Family Values - using behavioural science to redesign our approach to recruiting foster carers, alongside a new enhanced fostering model.
  - Valuing Care Model – robust needs analysis and outcome based commissioning of placements.
  - Dedicated team for our unaccompanied asylum-seeking children.

Overall, the key financial drivers expected for social care are consistent with recent financial years. The legacy of the pandemic is expected to continue to have a substantial impact; one area causing significant pressure is the court system and the significant delays that continue to be seen. Such delays result in significant additional costs to NCC (for example, lengthier placements preadoption, additional preparation for court when cases are delayed or postponed, etc.) as well as affecting the outcomes for children. Additionally, the pandemic knock-on economic impact continues to drive demand for services as well as the impact upon staffing availability of both NCC staff and those of commissioned services or partner organisations, such as health services.

The key financial drivers previously identified by the service have not eased and, in many cases, have continued to increase, with many elements being unpredictable in nature:

- Lack of supply of placements is 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.
- The continued 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.
- The demand-led aspects of placement and transport provision for children with special needs.
- The shortage in housing available for post-18-year-olds.
- Ongoing shortages of staff in key professional specialisms.

We know that the legacy of the pandemic has continued to have a significant impact on children and families, as well as our services and those of partners. A range of impacts on demand have been identified, including hidden need, trauma, and economic factors. Sadly, nationally, we have seen examples of the harm which occurred behind closed doors coming to light with several tragic cases across the Country, and overall increases in need in many areas of the children's system. Norfolk saw a persistent increase in demand for Family Support resulting from the impact of the pandemic, which placed those teams under significant pressure. We have seen a stabilisation in the number of children looked after following previous years of reduction since the start of our transformation programme; this is counter to the picture seen by many authorities nationally due to increased demand being countered by the impact of our transformation programme. 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 2023-24.

The key themes of our transformative agenda remain unchanged as they continue to be pertinent to addressing the considerable, ongoing challenges and uncertainties that face children's services and the wider associated system throughout the country. The service will continue to drive this work forward, working alongside the increased strategic partnership working of recent years that has generated and driven system change in Norfolk that, as the County Council alone, could not be delivered. The ongoing challenges and uncertainties are driving significant financial pressures across many authorities due to increasing costs of placements and the changing type and, in some cases, increasing complexity of need as societal changes result in increased and more varied extra familial harm.

Our transformation programme has an ongoing programme of work alongside activity to identify further new initiatives that could deliver substantial transformation. 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.

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 delivering good value for money. That said, where appropriate, technology and automation continue to be exploited to deliver committed efficiency.

However, the financial pressures projected in 2022-23 are anticipated to continue into 2023-24, with financial provision included within the identified budget pressures for the ongoing impact of the 2022-23 overspend. These forecast pressures are driven by the key financial drivers detailed earlier and would be significantly greater without the ongoing programme of transformation. To meet these pressures, Children's Services, along with the Council as a whole, has committed to identifying additional efficiencies.

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## SPECIFIC FUNDING

Supporting Families funding – the Government announced the continuation of this funding after the 2022-23 budget was set with expected income of £2.6m for Norfolk. The funding is made up of various elements including a payment by results amount that is driven by the number of families supported in the programme. Delivery of these results is through social care staff embedded in the social care operating model as part of their core offer. Funding is expected to continue in 2023-24, though specific details of Norfolk's allocation have not yet been provided, leaving a risk that actual funding received is insufficient to meet existing commitments.

It had previously been announced that the Adoption Support Fund (ASF) would end at the end of 2020-21, and the risk of the loss of funding had been raised in previous reports. To date the funding has continued with amended terms and, currently, the DfE have approved the ASF in its current form until end March 2025. Given the direction indicated within the National Social Care Review and the focus on supporting families, we expect that ASF will be approved in the future when next up for review prior to March 2025

Late on in the 2022-23 budget planning process, the DfE made a decision to cease the School Improvement Monitoring and Brokering Grant, with removal of 50% of the grant in 2022-23 and complete cessation from 2023-24. The DfE expect that all council school improvement activity, including core improvement activities and non-statutory services, would be funded via de-delegation from the Schools Block of the Dedicated Schools Grant, provided on a traded basis or through local authority council tax funds. Norfolk's Schools Forum have not agreed to de-delegation of funds for services and that maintained schools requiring or wanting support should buy-in on a traded basis.

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## SAVING PROPOSALS 2023-24

A significant proportion of Children's Services saving proposals for 2023-24 are extensions of our existing programme of work, complementing, and in addition to, the savings already within the 2022-25 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, alongside the introduction of functions such as Support for Success teams to ensure sufficient capacity to work with newly accommodated children and young people can return home or have placements stabilised. The ongoing anticipated financial benefit has been reflected in the MTFs for future years.
- For 2023-24, budget reflects the redesign of 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, which is expected to avoid children coming into care and costly placements and support.

### **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 financial benefits to date have significantly exceeded projections, which has been recognised in for 2023-24.

### **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 embedded within the department's budget.
- In conjunction with health partners, development will continue in 2023-24 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.

### **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 2023-24, we are proposing extending the existing additional home to school transport savings through expansion of savings 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.

In addition to the core financial strategy, we continue to have a significant focus on efficiency, modernisation, and funding sources, and our budget proposals look to capture these opportunities, including:

- **Strategic review of internal post 16 teams:** To ensure integrated delivery of these functions across council and wider system;
- **Review of service levels and demand post-pandemic:** An amalgamation of not restarting activities where there is no longer demand nor economic viability, along with withdrawing from the professional development centre building following review of usage;
- **Alternative NPLaw arrangements:** A combination of ensuring the right level of external legal expertise is utilised alongside an invest-to-save model through the appointment of Legal Officers embedded into the High Needs SEND function in relation to SEND tribunals. By increasing number of individuals within NPLaw able to undertake court advocacy, there will be a reduction of reliance on barristers for shorter hearings and therefore a saving achieved;
- **Post 16 transport: remove option to pay a daily fare (currently only available on local buses which charge fares):** it is proposed that the option to pay for post 16 transport via a daily fare on local buses will be removed meaning that all post 16 students will have the same options for payment regardless of provider;
- **Contract efficiencies;**
- **Capitalisation and use of capital receipts to fund transformation;**

- **Review of grant funding budget assumptions:** As a result of ongoing successful outcomes, the Council is receiving maximum performance by results income. This is expected to continue during 2023-24 offsetting the need for NCC funding for Family Support teams.

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.

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## KEY ISSUES AND RISKS

Whilst we are seeing some medium-term financial impacts of the pandemic and the budget looks to mitigate these where possible, it remains unclear precisely what the longer-term financial impacts will be of the COVID-19 pandemic. What is clear is that some very significant financial risks associated with the pandemic continue to exist in terms of the long-term design of some services, in relation to joint working, public expectations, levels of demand, and the underlying cost base.

The level of pressures included in the Children's Services budget for future years attempts to reflect the high-level expectations regarding the medium-to-longer-term demand. However, the last 2 years has shown that it is difficult to predict these with certainty and, therefore, risks within Children's Services remain that include the potential for additional cost pressures linked to surges in demand, particularly in relation to looked after children. In addition, there is a risk that the wider operating environment has shifted, which may put pressure on assumptions about trading with schools.

Some specific risks that should be noted are:

- **Pandemic economic and societal impact leading changes in market forces**  
Increasing cost pressures have been seen throughout the external markets that Children's Services deals within including transport providers and social care placement provision. Some providers have contracted, such as reduced numbers of taxi drivers, or exited the market, such as coach company closures, during the pandemic for various economic and societal reasons, such as seeking more secure income streams, or a different lifestyle being sought. These impacts have resulted in demand exceeding supply, leading to unexpected cost increases, and there is a risk that such patterns continue or other, unexpected, trends emerge in the medium-to-longer-term.
- **Exacerbation of demand pressures due to pandemic legacy and cost of living crisis leading to additional cost pressures**  
Demand, as a legacy of the pandemic, could continue to increase in volume and / or complexity. Demand may emerge over time both directly into Children's Services (as evident in demand for Family Support services), as well as through schools or within early years provision (such as reduced speech and language

skills). Combined with cost of living pressures being experienced by families, additional children and families may require our services due to a combination of increased strains on families and the medium-term impact of a reduction in the availability of universal support networks as a result of the pandemic. Such demand could lead to increasing requirement for staffing resource on a medium-to-longer-term basis and / or additional placement and support costs, to ensure that the right outcomes for children and families are achieved.

- **Economic and societal impact of the legacy of the pandemic and the cost of living crisis leading to staffing instability**

The pandemic has resulted in many individuals reflecting upon their lives and considering changing roles or careers who previously had not been anticipating this, whilst others may have put on hold such plans. There have always been challenges filling some roles and, in some cases, these challenges have been exacerbated post pandemic, e.g. the national shortage of foster carers. Additionally, public sector pay increases are, on average, below those in the private sector and individuals may choose that they need to make alternative role or career choices to ensure that they can meet their own financial needs, particularly for lower graded roles.

- **Provider market instability leading to key provider failure**

The economic conditions of the pandemic have left many businesses with financial pressures, despite ongoing contracts and access, where applicable, to government support. Whilst Children's services will always bear the risk of the failure of a significant provider, this risk has increased in the current climate. The implications could be increased, unforeseen costs and / or diversion of key resources to ensure continuity of provision. Additionally, the inflation pressures currently being seen are having a significant impact upon key providers, particularly in relation to staffing costs as well as energy and transport, which may result in providers being unable to fulfil contracted provision or choosing to hand back contracts that are no longer financially viable for them.

- **Impact of current economic and societal conditions on the VCSE sector**

A significant portion of Children's Services commissioned provision is through the VCSE sector, with the sector also providing a significant proportion of universal services. Many VCSE organisations, whose financial positions may well have been fragile prior to the pandemic, have been negatively affected by their reduced ability to fundraise as a result of the pandemic combined with increased demand for services. Additionally, they are facing the same inflationary cost pressures as seen by the County Council and key providers. Financial failure of these organisations could lead to increased costs to Children's Services either through additional funding required to maintain provision or through having to fund alternatives.

- **Demand for, and cost of, SEND home to school transport**

Increases in demand for SEND home to school transport provision has mirrored increasing demand for special school and specialist resource base provision. The increase in demand has been exacerbated by price pressures from providers both due to the cost of fuel, vehicles and their ability to recruit and retain staff. Additional resources are allocated in this budget to reflect this

situation, but there remains a risk that demand will exceed the financial resources available.

- **Legacy of the pandemic leading to excessive strain on families caring for a child with significant additional needs and / or disabilities**

The majority of families found the pandemic caused strain upon their relationships and ability to cope with the stresses of life, and families who are caring for a child with significant additional needs and / or disabilities were likely to have seen this effect magnified given the reduced services available to support them with their caring roles, such as short-breaks provision, periods of reduced schooling, and friends and family networks of support. Many families had the resilience to cope during the pandemic, but the medium-to-longer-term impact brings increased risk of family break-down and, subsequently, increased demand for services.

- **National Living Wage and impact upon workforce pay rates.**

When the National Minimum Wage, and subsequently National Living Wage (NLW), were introduced there remained a differential to lower graded roles within children's social care sector and education. As the NLW has increased, the pay and terms and conditions for these roles is no longer as attractive and key services and providers are experiencing challenges in recruiting and retaining staff to some roles. There is a risk that any differential is completely eroded, resulting in key roles remaining unfilled as the workforce makes alternative choices to meet their financial needs.

- **Unfunded new burdens from Government in response to the National Social Care Review and the SEND review: right support, right place, right time**

The Government's response to both of these reviews has been delayed from the end of 2022 and is currently awaited and, if implemented in full, the recommendations would potentially bring significant additional burdens to local authorities. Previous reviews in both of these policy areas have resulted in legislative change that has then not been fully funded, leading to the significant risk that any changes as a result of these review implementations may not be fully funded.

## CHILDREN'S SERVICES – EXECUTIVE DIRECTOR – SARA TOUGH

Table 32: Children's Services Budget Tables

Breakdown of Gross Expenditure	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Commissioning, Partnerships and Resources	26.221	26.815	27.425	27.999
Learning and Inclusion	106.791	111.297	114.113	116.494
Quality, Transformation and Leadership	26.943	34.585	38.255	42.001
Social Care	139.776	140.099	143.267	146.616
Schools	409.706	409.791	409.879	409.968
<b>Total</b>	<b>709.436</b>	<b>722.588</b>	<b>732.939</b>	<b>743.077</b>

Exp Internal Recharge	16.019
<b>Total Gross Expenditure</b>	<b>725.455</b>

Breakdown of Gross Income	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Commissioning, Partnerships and Resources	-3.705	-3.705	-3.705	-3.705
Learning and Inclusion	-41.282	-41.488	-41.697	-41.911
Quality, Transformation and Leadership	-9.171	-6.457	-6.457	-6.457
Social Care	-15.336	-15.537	-15.537	-15.537
Schools	-407.349	-407.349	-407.349	-407.349
<b>Total</b>	<b>-476.843</b>	<b>-474.535</b>	<b>-474.745</b>	<b>-474.959</b>

Inc Internal Recharge	-16.019
<b>Total Gross Income</b>	<b>-492.862</b>

Breakdown of Net Spend	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Commissioning, Partnerships and Resources	22.516	23.110	23.720	24.294
Learning and Inclusion	65.509	69.810	72.415	74.582
Quality, Transformation and Leadership	17.772	28.129	31.798	35.544
Social Care	124.440	124.562	127.730	131.079
Schools	2.357	2.443	2.530	2.619
<b>Total</b>	<b>232.593</b>	<b>248.053</b>	<b>258.194</b>	<b>268.118</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	349.375	350.935	354.128	357.516
Premises	19.515	19.523	19.531	19.539
Transport	3.367	3.383	3.398	3.414
Supplies and Services	48.421	48.427	48.637	48.852
Agency and Contract Services	210.629	218.524	223.660	228.850
Transfer Payments	2.712	2.766	2.821	2.878
Exp Departmental Recharges	62.742	66.356	68.088	69.354
Exp Internal Recharge	16.019	16.019	16.019	16.019
Capital Financing	12.674	12.674	12.674	12.674
<b>Total Expenditure</b>	<b>725.455</b>	<b>738.607</b>	<b>748.957</b>	<b>759.096</b>
Government Grants	-423.180	-423.180	-423.180	-423.180
Other Grants, Reimburs & Contrib.	-32.703	-32.689	-32.689	-32.689
Customer & Client Receipts	-9.432	-9.599	-9.769	-9.943
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	-0.740	-0.740	-0.740	-0.740
Inc Departmental Recharge	-10.788	-8.327	-8.366	-8.407
Inc Internal Recharge	-16.019	-16.019	-16.019	-16.019
<b>Total Income</b>	<b>-492.862</b>	<b>-490.554</b>	<b>-490.764</b>	<b>-490.978</b>
<b>Net Budget</b>	<b>232.593</b>	<b>248.053</b>	<b>258.194</b>	<b>268.118</b>

## COMMISSIONING, PARTNERSHIPS AND RESOURCES

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Commissioning Services	10.220	10.447	10.680	10.918
Communities and Partnerships	2.155	2.224	2.294	2.366
Early Childhood & Family Service	4.805	4.959	5.116	5.226
Independent Statutory Services	3.368	3.464	3.562	3.663
In-house Resources (Residential, Semi-Independent, Fostering and Adoption)	0.000	0.000	0.000	0.000
Leadership & Funding	0.461	0.480	0.499	0.519
Youth Engagement & Support	1.507	1.538	1.569	1.602
<b>Total</b>	<b>22.516</b>	<b>23.110</b>	<b>23.720</b>	<b>24.294</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	8.388	8.644	8.908	9.180
Premises	0.013	0.013	0.013	0.013
Transport	0.113	0.114	0.114	0.114
Supplies and Services	2.058	2.088	2.118	2.150
Agency and Contract Services	12.896	13.204	13.519	13.789
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	2.753	2.753	2.753	2.753
Exp Internal Recharge	0.000	0.000	0.000	0.000
Capital Financing	0.000	0.000	0.000	0.000
<b>Total Expenditure</b>	<b>26.221</b>	<b>26.815</b>	<b>27.425</b>	<b>27.999</b>
Government Grants	-2.945	-2.945	-2.945	-2.945
Other Grants, Reimburs & Contrib.	-0.033	-0.033	-0.033	-0.033
Customer & Client Receipts	0.000	0.000	0.000	0.000
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-0.727	-0.727	-0.727	-0.727
Inc Internal Recharge	0.000	0.000	0.000	0.000
<b>Total Income</b>	<b>-3.705</b>	<b>-3.705</b>	<b>-3.705</b>	<b>-3.705</b>
<b>Net Budget</b>	<b>22.516</b>	<b>23.110</b>	<b>23.720</b>	<b>24.294</b>

## LEARNING AND INCLUSION

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Achievement and Learning	1.677	1.630	1.749	1.872
Education Quality Assurance, Intervention and Regulation	1.782	1.867	1.954	2.044
Education Strategy and Infrastructure	3.909	4.130	4.357	4.590
Home To School Transport	56.995	60.578	62.278	63.513
Inclusion and Vulnerable Learners	13.999	14.395	14.802	15.222
Leadership, Funding & Central Services	-22.343	-22.280	-22.215	-22.147
<b>Total</b>	<b>56.019</b>	<b>60.320</b>	<b>62.926</b>	<b>65.093</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	29.400	30.096	30.980	31.891
Premises	0.463	0.469	0.475	0.480
Transport	0.365	0.365	0.366	0.366
Supplies and Services	15.917	16.085	16.256	16.430
Agency and Contract Services	1.387	1.415	1.443	1.472
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	58.559	62.168	63.894	65.155
Exp Internal Recharge	0.732	0.732	0.732	0.732
Capital Financing	0.699	0.699	0.699	0.699
<b>Total Expenditure</b>	<b>107.522</b>	<b>112.029</b>	<b>114.844</b>	<b>117.225</b>
Government Grants	-27.738	-27.738	-27.738	-27.738
Other Grants, Reimburs & Contrib.	-2.020	-2.020	-2.020	-2.020
Customer & Client Receipts	-8.878	-9.045	-9.215	-9.389
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-2.646	-2.685	-2.724	-2.765
Inc Internal Recharge	-10.221	-10.221	-10.221	-10.221
<b>Total Income</b>	<b>-51.503</b>	<b>-51.708</b>	<b>-51.918</b>	<b>-52.132</b>
<b>Net Budget</b>	<b>56.019</b>	<b>60.320</b>	<b>62.926</b>	<b>65.093</b>

## QUALITY, TRANSFORMATION AND LEADERSHIP

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Leadership, Client Management, Central Business Support & Funding	10.299	20.532	24.073	27.687
Quality, Performance and Systems	2.328	2.392	2.458	2.526
Transformation	-0.290	-0.268	-0.246	-0.224
Workforce Development	1.359	1.398	1.439	1.480
<b>Total</b>	<b>13.697</b>	<b>24.054</b>	<b>27.723</b>	<b>31.469</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	9.121	9.521	9.803	10.094
Premises	-0.159	-0.159	-0.159	-0.159
Transport	0.077	0.077	0.077	0.077
Supplies and Services	5.457	5.461	5.465	5.468
Agency and Contract Services	11.937	19.176	22.559	26.010
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.454	0.454	0.454	0.454
Exp Internal Recharge	0.074	0.074	0.074	0.074
Capital Financing	0.056	0.056	0.056	0.056
<b>Total Expenditure</b>	<b>27.016</b>	<b>34.659</b>	<b>38.329</b>	<b>42.074</b>
Government Grants	-2.111	-2.111	-2.111	-2.111
Other Grants, Reimburs & Contrib.	-0.400	-0.186	-0.186	-0.186
Customer & Client Receipts	0.000	0.000	0.000	0.000
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-6.660	-4.160	-4.160	-4.160
Inc Internal Recharge	-4.148	-4.148	-4.148	-4.148
<b>Total Income</b>	<b>-13.319</b>	<b>-10.605</b>	<b>-10.605</b>	<b>-10.605</b>
<b>Net Budget</b>	<b>13.697</b>	<b>24.054</b>	<b>27.723</b>	<b>31.469</b>

Note: Quality, transformation and leadership budgets (agency and contract services) include growth allocations for future years that have been provided to address demographic and pandemic related cost pressures which will be allocated to service budgets in future budget rounds.

## SOCIAL CARE

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Assessment, Intervention & Care Planning	26.914	27.567	28.410	29.277
Child & Family Support	2.200	2.250	2.301	2.353
Commissioning Services	0.031	0.031	0.032	0.032
Corporate Parenting	73.569	73.977	75.729	77.519
In-house Resources (Residential, Semi-Independent, Fostering and Adoption)	12.666	13.014	13.399	13.795
Intensive & Specialist Support	5.885	6.053	6.236	6.425
Leadership & Management	1.255	-0.282	-0.369	-0.359
Quality & Transformation / Practice Development & Staff Engagement	0.315	0.316	0.317	0.318
Youth Engagement & Support	1.402	1.432	1.473	1.515
<b>Total</b>	<b>124.236</b>	<b>124.358</b>	<b>127.526</b>	<b>130.875</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	59.381	59.502	61.177	63.002
Premises	0.137	0.139	0.141	0.144
Transport	2.071	2.085	2.100	2.115
Supplies and Services	4.519	4.324	4.329	4.334
Agency and Contract Services	70.206	70.527	71.938	73.376
Transfer Payments	2.712	2.766	2.821	2.878
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.751	0.756	0.761	0.766
Exp Internal Recharge	0.000	0.000	0.000	0.000
Capital Financing	0.000	0.000	0.000	0.000
<b>Total Expenditure</b>	<b>139.776</b>	<b>140.099</b>	<b>143.267</b>	<b>146.616</b>
Government Grants	-9.812	-9.812	-9.812	-9.812
Other Grants, Reimburs & Contrib.	-4.757	-4.957	-4.957	-4.957
Customer & Client Receipts	-0.013	-0.013	-0.013	-0.014
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-0.754	-0.754	-0.754	-0.754
Inc Internal Recharge	-0.204	-0.204	-0.204	-0.204
<b>Total Income</b>	<b>-15.540</b>	<b>-15.741</b>	<b>-15.741</b>	<b>-15.741</b>
<b>Net Budget</b>	<b>124.236</b>	<b>124.358</b>	<b>127.526</b>	<b>130.875</b>

## SCHOOLS

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Early Years	47.330	47.330	47.330	47.330
High Needs including Special Schools & Alternative Education	146.599	146.599	146.599	146.599
Primary & Secondary Schools	-1.132	-1.132	-1.132	-1.132
School Capital Charges	11.929	11.929	11.929	11.929
School De-delegated Budgets	1.032	1.032	1.032	1.032
School Delegated Budgets	-193.829	-193.829	-193.829	-193.829
School Pension Costs	4.196	4.282	4.369	4.459
<b>Total</b>	<b>16.125</b>	<b>16.211</b>	<b>16.298</b>	<b>16.387</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	243.086	243.172	243.259	243.349
Premises	19.061	19.061	19.061	19.061
Transport	0.742	0.742	0.742	0.742
Supplies and Services	20.469	20.469	20.469	20.469
Agency and Contract Services	114.202	114.202	114.202	114.202
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.226	0.226	0.226	0.226
Exp Internal Recharge	15.214	15.214	15.214	15.214
Capital Financing	11.920	11.920	11.920	11.920
<b>Total Expenditure</b>	<b>424.919</b>	<b>425.005</b>	<b>425.092</b>	<b>425.181</b>
Government Grants	-380.574	-380.574	-380.574	-380.574
Other Grants, Reimburs & Contrib.	-25.493	-25.493	-25.493	-25.493
Customer & Client Receipts	-0.541	-0.541	-0.541	-0.541
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	-0.740	-0.740	-0.740	-0.740
Inc Departmental Recharge	0.000	0.000	0.000	0.000
Inc Internal Recharge	-1.446	-1.446	-1.446	-1.446
<b>Total Income</b>	<b>-408.794</b>	<b>-408.794</b>	<b>-408.794</b>	<b>-408.794</b>
<b>Net Budget</b>	<b>16.125</b>	<b>16.211</b>	<b>16.298</b>	<b>16.387</b>

Reference	Budget change forecasts for 2023-27 Children's Services	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
	<b>OPENING BUDGET</b>	<b>189.065</b>	<b>232.593</b>	<b>248.053</b>	<b>258.194</b>
	<b>ADDITIONAL COSTS</b>				
	<b>Economic / Inflationary</b>				
	Basic Inflation - Pay (3%)	3.322	3.247	3.293	3.388
	Basic Inflation - Prices	4.288	3.165	3.397	3.536
G2324CS001	Pay award 2022-23 (£1,925 on all SCP)	5.378	0.000	0.000	0.000
G2324CS002	Remove NI 2022-23 1.25% increase (abolition of H&SC Levy)	-0.991	0.000	0.000	0.000
	<b>Legislative Requirements</b>				
G2324CS008	Children's Services pressures including impact of National Living Wage	7.000	7.010	0.000	0.000
	<b>Demand / Demographic</b>				
G2324CS005	Social care: demographic and demand growth	4.000	3.000	3.000	3.000
G2223CS010	Social care: additional growth due to medium term impact COVID-19	4.000	4.000	0.000	0.000
G2324CS006	Home to School Transport: demographic growth	3.500	2.500	0.500	0.000
G2324CS009	Loss of income due to lower demand for chargeable services post-COVID (Children's traded services)	0.150	0.000	0.000	0.000
	<b>NCC Policy</b>				
G2324CS007	Recruitment and retention investment offset by Agency reduction	-0.610	-0.540	-0.100	0.000
G2122CS006	New operating model investment	-0.350	0.000	0.000	0.000
G2324CS010	Children's Services recurrent pressures arising from 2022-23 service levels (2022-23 overspend)	20.000	0.000	0.000	0.000
G2324CS011	DSG/HNB recovery plan "Safety Valve" - Norfolk County Council contribution	5.500	0.000	0.000	0.000
		<b>55.187</b>	<b>15.372</b>	<b>10.090</b>	<b>9.924</b>
	<b>SAVINGS</b>				
S2122CS002	Expansion of 2019-20 CHS002: Alternatives to care (No Wrong Door) - Investing in a range of new services which offer alternatives to care using enhanced therapeutic and care alternatives, combined with a focus on support networks from extended families keeping families safely together where possible and averting family crises.	-6.000	0.000	0.000	0.000

Reference	Budget change forecasts for 2023-27 Children's Services	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
S2223CS012	Extending our existing savings programme to deliver additional benefits. Proposal is to expand our 2019-20 saving CHS001: Prevention, early intervention and effective social care – Investing in an enhanced operating model which supports families to stay together and ensures fewer children need to come into care.	0.000	-0.900	0.000	0.000
S2223CS013	Extending our existing savings programme to deliver additional benefits. Proposal is to expand our 2019-20 saving CHS002: Alternatives to care – Investing in a range of new services which offer alternatives to care using enhanced therapeutic interventions, combined with a focus on support networks from extended families keeping families safely together where possible and averting family crises.	0.000	-0.250	0.000	0.000
S2223CS014	Extending our existing savings programme to deliver additional benefits. Proposal is to expand our 2019-20 saving CHS003: Transforming the care market and creating the capacity that we need – Creating and commissioning new care models for children in care – achieving better outcomes and lower costs.	0.000	-0.250	0.000	0.000
S2324CS023 [SR]	Changes in ways of working post pandemic: Reduction in the Early Years Training Budget as a result of the move towards a digital training offer.	-0.200	0.000	0.000	0.000
S2324CS019	Expansion of CHS007: Inclusion (Home to School Transport) – extension of existing activity focussed on providing education more locally, supporting inclusion, supporting independent travel where that is right for the child, and commissioning transport most efficiently.	-0.935	0.000	0.000	0.000
S2324CS020	Expansion of CHS002: Alternatives to care (New Roads)	-1.000	0.000	0.000	0.000
S2324CS022 [SR]	Review of service levels and demand post pandemic: Not restarting activities where there is no longer demand nor economic viability	-0.016	0.000	0.000	0.000

Budget change forecasts for 2023-27		2023-24	2024-25	2025-26	2026-27
Reference	Children's Services	£m	£m	£m	£m
S2324CS024 [SR]	Contract efficiencies: Efficiency savings through reducing management roles and one-off inflationary savings	-0.156	0.050	0.050	0.000
S2324CS025 [SR]	Review of budget assumptions: Additional Supporting Families base funding offsetting the need for NCC funding for Family Support teams	-0.476	0.000	0.000	0.000
S2324CS026 [SR]	Review of budget assumptions: Additional Supporting Families income due to ongoing successful outcomes resulting in maximum performance by results income	-0.235	0.000	0.000	0.000
S2324CS028 [SR]	Review of legal costs: Ensuring the right level of external legal expertise is utilised	-0.050	0.000	0.000	0.000
S2324CS029	Review of service levels and demand post pandemic: Right sizing of the Early Years Sustainability Fund to reflect the level of demand seen in recent years	-0.100	0.000	0.000	0.000
S2324CS030 [SR]	Revision to NPLaw Model: Alternative arrangement expected to deliver savings for Children's Services	-0.200	0.000	0.000	0.000
S2324CS031	Withdrawing from the PDC Building: Revenue implications	-0.100	0.000	0.000	0.000
S2324CS033 [SR]	One-off funding of transformation spend from capital receipts	-2.500	2.500	0.000	0.000
S2324CS034 [SR]	Additional capitalisation of Senior Leaders in relation to asset development	-0.100	0.000	0.000	0.000
S2324CS035	Post 16 transport: remove option to pay a daily fare (currently only available on local buses which charge fares)	-0.055	-0.045	0.000	0.000
S2324CS036	Strategic review of internal post 16 teams to ensure integrated delivery of these functions across council and wider system	-0.150	0.000	0.000	0.000
S2324CS037 [SR]	Strategic Review - Opportunities A and B	-1.485	-1.017	0.000	0.000
S2324CS039	Reversal of previous savings no longer deliverable: CHL003 Young Parent & Baby Semi-Independent Accommodation, CHL001: Specialist social care housing support, reduced family court costs and reducing LAC numbers, Smarter working: mobile phone reduction through introduction of text service from personal phones	1.241	0.000	0.000	0.000
		<b>-12.517</b>	<b>0.088</b>	<b>0.050</b>	<b>0.000</b>
	<b>COST NEUTRAL ADJUSTMENTS</b>				
C2223CS002	CS/FG Extended Rights to Free Travel grant	-0.050	0.000	0.000	0.000

Reference	Budget change forecasts for 2023-27				
	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m	
	<b>Children's Services</b>				
	CES/CS - PH 22/23 agreed new cross cutting transfers	-0.250	0.000	0.000	0.000
	CS/FCS - Semi Independent Accommodation	-0.029	0.000	0.000	0.000
C2324CS001	Depreciation transfer	1.264	0.000	0.000	0.000
C2324CS002	Debt management transfer	0.002	0.000	0.000	0.000
C2324CS003	CES/CS - Repeat Removals Prevention	-0.080	0.000	0.000	0.000
		<b>0.858</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
	<b>NET BUDGET</b>	<b>232.593</b>	<b>248.053</b>	<b>258.194</b>	<b>268.118</b>

## COMMUNITY AND ENVIRONMENTAL SERVICES

### COMMUNITY AND ENVIRONMENTAL SERVICES PRIORITIES

Community and Environmental Services (CES) has responsibility for the delivery of a wide range of both internal and external facing services. There is no fixed hierarchy as each area has a vital role to play in achieving better outcomes for Norfolk and we have a key role to play in supporting the delivery of the Better Together, for Norfolk strategy.

Our external facing services are delivered across the county in the heart of local communities. Their common factor is that CES services impact on residents, visitors and businesses in Norfolk every day. They are also crucial to successful economic growth.

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 community infrastructure is in place.

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

- Supporting economic recovery and growth, including development of a County Deal and the Norfolk Investment Framework to focus future growth and development.
- Supporting community resilience and development of social infrastructure, including through the Social Infrastructure Fund and delivery of projects and interventions with a range of partners.
- Providing the community infrastructure individuals and businesses in Norfolk need to thrive, including investments in transport, community facilities and skills development.
- Work to reduce our impact on the environment and deliver the action plan supporting the Council's Environmental Policy, including developing transport infrastructure that supports green ways to travel and enjoy Norfolk.
- Investing in services to help keep Norfolk Communities safe and healthy.
- Working with partners and stakeholders to further develop the visitor economy.

A key part of our strategy for some time has been to reduce our reliance on core revenue funding and creatively looking for funding avenues to continue 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, for example the £49.6m of funding securing during 2022 to deliver our bus service improvement plan.

The service continues to first look for opportunities to deliver budget savings, 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 keep people safe and healthy and to support economic activity.
- Working both internally and with key partners and stakeholders to collectively maximise alternative funding sources, including opportunities to generate income, to deliver shared outcomes for Norfolk without a continued reliance on NCC revenue contributions.
- 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.
- As part of our commitment to continuous improvement, making sure that we organise our resources in the most effective and efficient way, including removing duplication.
- Recognising the importance of community infrastructure and continuing to invest in new and enhanced facilities, for example investment in more modern libraries and recycling centres. To ensure that communities can continue to access infrastructure in their local areas, the approach aims to change and flex access arrangements to better meet wider demand and to make best use of the new modern new facilities we are investing in.

We will also review the opportunities that the inclusion of the Property and Procurement and Sustainability portfolios bring to CES and the wider council.

**COMMUNITY AND ENVIRONMENTAL SERVICES – EXECUTIVE DIRECTOR – TOM MCCABE**

**Table 33: Community and Environmental Services Budget Tables**

<b>Breakdown of Gross Expenditure</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Community Information & Learning	22.781	23.636	24.190	24.760
Corporate Property Team	19.059	19.373	19.694	20.022
Culture & Heritage	21.420	21.951	22.343	22.747
Fire	34.975	35.641	36.356	37.294
Growth and Development	13.392	12.064	12.490	12.671
Highways & Waste	214.163	224.813	230.687	236.592
Performance and Governance	3.713	3.808	3.906	4.006
Procurement	1.550	1.596	1.644	1.692
<b>Total</b>	<b>331.054</b>	<b>342.881</b>	<b>351.310</b>	<b>359.786</b>

Exp Internal Recharge	3.278
<b>Total Gross Expenditure</b>	<b>334.331</b>

<b>Breakdown of Gross Income</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Community Information & Learning	-9.782	-9.785	-9.789	-9.793
Corporate Property Team	-5.792	-5.856	-5.922	-5.989
Culture & Heritage	-15.279	-15.826	-15.884	-15.914
Fire	-3.290	-3.290	-3.290	-3.290
Growth and Development	-11.381	-9.397	-9.412	-9.428
Highways & Waste	-88.058	-95.089	-96.445	-97.827
Performance and Governance	-5.591	-3.681	-3.081	-3.081
Procurement	-0.133	-0.133	-0.134	-0.134
<b>Total</b>	<b>-139.305</b>	<b>-143.057</b>	<b>-143.957</b>	<b>-145.456</b>

Inc Internal Recharge	-3.272
<b>Total Gross Income</b>	<b>-142.577</b>

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Community Information & Learning	12.999	13.850	14.401	14.968
Corporate Property Team	13.267	13.517	13.773	14.033
Culture & Heritage	6.141	6.125	6.459	6.833
Fire	31.685	32.350	33.066	34.004
Growth and Development	2.011	2.667	3.078	3.243
Highways & Waste	126.105	129.724	134.243	138.765
Performance and Governance	-1.877	0.127	0.825	0.925
Procurement	1.418	1.463	1.510	1.559
<b>Total</b>	<b>191.749</b>	<b>199.824</b>	<b>207.354</b>	<b>214.330</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	88.713	90.979	93.368	96.029
Premises	17.579	17.889	18.205	18.528
Transport	75.100	81.593	83.215	84.870
Supplies and Services	27.537	26.600	26.964	27.029
Agency and Contract Services	78.225	81.921	85.659	89.429
Transfer Payments	0.010	0.010	0.011	0.011
Support Services	0.003	0.003	0.003	0.003
Exp Departmental Recharges	1.039	1.039	1.039	1.039
Exp Internal Recharge	3.278	3.278	3.278	3.278
Capital Financing	42.848	42.848	42.848	42.848
<b>Total Expenditure</b>	<b>334.331</b>	<b>346.159</b>	<b>354.588</b>	<b>363.063</b>
Government Grants	-16.169	-16.169	-16.169	-16.169
Other Grants, Reimburs & Contrib.	-27.781	-24.671	-24.071	-24.071
Customer & Client Receipts	-19.256	-19.974	-20.206	-20.413
Interest rec'd	-0.030	-0.030	-0.030	-0.030
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-76.070	-82.214	-83.481	-84.774
Inc Internal Recharge	-3.272	-3.272	-3.272	-3.272
<b>Total Income</b>	<b>-142.577</b>	<b>-146.330</b>	<b>-147.229</b>	<b>-148.728</b>
<b>Net Budget</b>	<b>191.754</b>	<b>199.830</b>	<b>207.359</b>	<b>214.335</b>

## COMMUNITY INFORMATION AND LEARNING

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Customer Services	3.083	3.176	3.271	3.369
Local Service Strategy	0.103	0.104	0.106	0.107
Adult Learning	0.308	0.467	0.631	0.799
Norfolk Libraries and Information Service	7.599	8.102	8.310	8.524
Trading Standards	1.875	1.971	2.053	2.137
<b>Total</b>	<b>12.968</b>	<b>13.820</b>	<b>14.370</b>	<b>14.937</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	16.963	17.486	18.008	18.545
Premises	0.371	0.372	0.373	0.375
Transport	0.581	0.591	0.600	0.610
Supplies and Services	2.620	2.938	2.956	2.974
Agency and Contract Services	0.186	0.189	0.193	0.196
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.519	0.519	0.519	0.519
Exp Internal Recharge	0.470	0.470	0.470	0.470
Capital Financing	1.541	1.541	1.541	1.541
<b>Total Expenditure</b>	<b>23.251</b>	<b>24.105</b>	<b>24.660</b>	<b>25.230</b>
Government Grants	-5.952	-5.952	-5.952	-5.952
Other Grants, Reimburs & Contrib.	-1.515	-1.515	-1.515	-1.515
Customer & Client Receipts	-1.537	-1.540	-1.544	-1.548
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-0.778	-0.778	-0.778	-0.778
Inc Internal Recharge	-0.500	-0.500	-0.500	-0.500
<b>Total Income</b>	<b>-10.282</b>	<b>-10.286</b>	<b>-10.289</b>	<b>-10.293</b>
<b>Net Budget</b>	<b>12.968</b>	<b>13.820</b>	<b>14.370</b>	<b>14.937</b>

## CORPORATE PROPERTY TEAM

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Contract Vehicles	0.068	0.072	0.077	0.082
Corporate Building Maintenance	2.432	2.481	2.530	2.581
County Farms	-1.136	-1.163	-1.192	-1.220
Estate Management	0.796	0.797	0.799	0.800
Management	0.423	0.460	0.497	0.536
Managed Property	0.016	0.016	0.017	0.017
Offices	5.462	5.558	5.656	5.756
Operational Service Buildings	5.242	5.332	5.424	5.518
<b>Total</b>	<b>13.303</b>	<b>13.553</b>	<b>13.808</b>	<b>14.069</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	1.472	1.516	1.561	1.608
Premises	15.025	15.288	15.557	15.831
Transport	0.225	0.229	0.233	0.237
Supplies and Services	1.177	1.177	1.178	1.178
Agency and Contract Services	0.100	0.102	0.104	0.106
Transfer Payments	0.010	0.010	0.011	0.011
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.021	0.021	0.021	0.021
Exp Internal Recharge	0.035	0.035	0.035	0.035
Capital Financing	1.029	1.029	1.029	1.029
<b>Total Expenditure</b>	<b>19.095</b>	<b>19.409</b>	<b>19.730</b>	<b>20.057</b>
Government Grants	0.000	0.000	0.000	0.000
Other Grants, Reimburs & Contrib.	-0.276	-0.276	-0.276	-0.276
Customer & Client Receipts	-4.038	-4.102	-4.168	-4.235
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-1.478	-1.478	-1.478	-1.478
Inc Internal Recharge	0.000	0.000	0.000	0.000
<b>Total Income</b>	<b>-5.792</b>	<b>-5.856</b>	<b>-5.922</b>	<b>-5.989</b>
<b>Net Budget</b>	<b>13.303</b>	<b>13.553</b>	<b>13.808</b>	<b>14.069</b>

## CULTURE AND HERITAGE

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Active Norfolk	0.000	0.006	0.011	0.017
County Archives	0.696	0.714	0.733	0.753
Culture and Heritage Management	0.070	0.072	0.074	0.076
Environment Management	1.708	2.018	2.183	2.353
Historic Environment	0.298	0.310	0.323	0.336
Norfolk Art Service	0.225	0.229	0.233	0.237
Norfolk Museums Service	2.480	2.087	2.187	2.321
Planning Services	0.663	0.688	0.713	0.739
<b>Total</b>	<b>6.140</b>	<b>6.124</b>	<b>6.458</b>	<b>6.832</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	13.772	14.109	14.456	14.813
Premises	1.254	1.279	1.303	1.329
Transport	0.059	0.059	0.060	0.060
Supplies and Services	5.095	5.254	5.263	5.272
Agency and Contract Services	0.550	0.561	0.572	0.583
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.013	0.013	0.013	0.013
Exp Internal Recharge	1.021	1.021	1.021	1.021
Capital Financing	0.677	0.677	0.677	0.677
<b>Total Expenditure</b>	<b>22.441</b>	<b>22.972</b>	<b>23.365</b>	<b>23.768</b>
Government Grants	-0.430	-0.430	-0.430	-0.430
Other Grants, Reimburs & Contrib.	-6.994	-6.994	-6.994	-6.994
Customer & Client Receipts	-3.307	-3.854	-3.912	-3.941
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-4.549	-4.549	-4.549	-4.549
Inc Internal Recharge	-1.022	-1.022	-1.022	-1.022
<b>Total Income</b>	<b>-16.301</b>	<b>-16.849</b>	<b>-16.907</b>	<b>-16.936</b>
<b>Net Budget</b>	<b>6.140</b>	<b>6.124</b>	<b>6.458</b>	<b>6.832</b>

## FIRE AND RESCUE SERVICE

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Fire and Rescue Service	31.685	32.350	33.066	34.004
<b>Total</b>	<b>31.685</b>	<b>32.350</b>	<b>33.066</b>	<b>34.004</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	29.371	29.935	30.599	31.484
Premises	0.212	0.216	0.220	0.224
Transport	2.302	2.347	2.392	2.438
Supplies and Services	1.033	1.085	1.087	1.090
Agency and Contract Services	0.050	0.051	0.052	0.053
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.091	0.091	0.091	0.091
Exp Internal Recharge	0.000	0.000	0.000	0.000
Capital Financing	1.916	1.916	1.916	1.916
<b>Total Expenditure</b>	<b>34.975</b>	<b>35.641</b>	<b>36.356</b>	<b>37.294</b>
Government Grants	-2.474	-2.474	-2.474	-2.474
Other Grants, Reimburs & Contrib.	-0.114	-0.114	-0.114	-0.114
Customer & Client Receipts	-0.388	-0.388	-0.388	-0.388
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-0.314	-0.314	-0.314	-0.314
Inc Internal Recharge	0.000	0.000	0.000	0.000
<b>Total Income</b>	<b>-3.290</b>	<b>-3.290</b>	<b>-3.290</b>	<b>-3.290</b>
<b>Net Budget</b>	<b>31.685</b>	<b>32.350</b>	<b>33.066</b>	<b>34.004</b>

## GROWTH AND DEVELOPMENT

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Growth and Development	2.011	2.667	3.078	3.243
<b>Total</b>	<b>2.011</b>	<b>2.667</b>	<b>3.078</b>	<b>3.243</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	5.018	5.169	5.323	5.483
Premises	0.001	0.001	0.001	0.001
Transport	0.031	0.031	0.031	0.032
Supplies and Services	7.112	5.614	5.866	5.868
Agency and Contract Services	0.951	0.970	0.989	1.009
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.003	0.003	0.003	0.003
Exp Departmental Recharges	0.213	0.213	0.213	0.213
Exp Internal Recharge	0.064	0.064	0.064	0.064
Capital Financing	0.064	0.064	0.064	0.064
<b>Total Expenditure</b>	<b>13.456</b>	<b>12.127</b>	<b>12.554</b>	<b>12.735</b>
Government Grants	-4.247	-4.247	-4.247	-4.247
Other Grants, Reimburs & Contrib.	-6.271	-4.271	-4.271	-4.271
Customer & Client Receipts	-0.809	-0.824	-0.840	-0.856
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-0.054	-0.054	-0.054	-0.054
Inc Internal Recharge	-0.064	-0.064	-0.064	-0.064
<b>Total Income</b>	<b>-11.445</b>	<b>-9.461</b>	<b>-9.476</b>	<b>-9.492</b>
<b>Net Budget</b>	<b>2.011</b>	<b>2.667</b>	<b>3.078</b>	<b>3.243</b>

## HIGHWAYS AND WASTE

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Asset Depreciation	36.985	36.985	36.985	36.985
Design	-0.884	-0.820	-0.753	-0.684
Environment & Waste - Residual Waste	28.518	31.089	33.711	36.386
Environment & Waste - Waste & Energy	20.914	21.405	21.949	22.508
Flood & Water Management	0.763	0.787	0.812	0.838
Major Projects	-0.531	-0.447	-0.361	-0.272
Networks	0.501	0.587	0.675	0.766
Operations	23.216	23.119	23.801	24.403
Travel & Transport	16.656	17.051	17.455	17.867
<b>Total</b>	<b>126.137</b>	<b>129.756</b>	<b>134.275</b>	<b>138.797</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	17.710	18.230	18.755	19.295
Premises	0.714	0.732	0.750	0.768
Transport	71.883	78.317	79.879	81.473
Supplies and Services	9.706	9.725	9.794	9.814
Agency and Contract Services	76.384	80.043	83.743	87.476
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.145	0.145	0.145	0.145
Exp Internal Recharge	1.687	1.687	1.687	1.687
Capital Financing	37.621	37.621	37.621	37.621
<b>Total Expenditure</b>	<b>215.850</b>	<b>226.500</b>	<b>232.375</b>	<b>238.280</b>
Government Grants	-3.066	-3.066	-3.066	-3.066
Other Grants, Reimburs & Contrib.	-7.395	-8.195	-8.195	-8.195
Customer & Client Receipts	-9.147	-9.234	-9.323	-9.413
Interest rec'd	-0.030	-0.030	-0.030	-0.030
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-68.419	-74.564	-75.831	-77.124
Inc Internal Recharge	-1.656	-1.656	-1.656	-1.656
<b>Total Income</b>	<b>-89.713</b>	<b>-96.744</b>	<b>-98.100</b>	<b>-99.483</b>
<b>Net Budget</b>	<b>126.137</b>	<b>129.756</b>	<b>134.275</b>	<b>138.797</b>

## PERFORMANCE AND GOVERNANCE

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Performance and Governance	-1.875	0.124	0.816	0.911
Travellers	-0.002	0.003	0.008	0.014
<b>Total</b>	<b>-1.877</b>	<b>0.127</b>	<b>0.825</b>	<b>0.925</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	2.891	2.974	3.058	3.146
Premises	0.001	0.001	0.001	0.001
Transport	0.018	0.018	0.018	0.018
Supplies and Services	0.765	0.777	0.790	0.802
Agency and Contract Services	0.003	0.003	0.003	0.003
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.036	0.036	0.036	0.036
Exp Internal Recharge	0.000	0.000	0.000	0.000
Capital Financing	0.000	0.000	0.000	0.000
<b>Total Expenditure</b>	<b>3.713</b>	<b>3.808</b>	<b>3.906</b>	<b>4.006</b>
Government Grants	0.000	0.000	0.000	0.000
Other Grants, Reimburs & Contrib.	-5.216	-3.306	-2.706	-2.706
Customer & Client Receipts	-0.008	-0.008	-0.009	-0.009
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-0.366	-0.366	-0.366	-0.366
Inc Internal Recharge	0.000	0.000	0.000	0.000
<b>Total Income</b>	<b>-5.591</b>	<b>-3.681</b>	<b>-3.081</b>	<b>-3.081</b>
<b>Net Budget</b>	<b>-1.877</b>	<b>0.127</b>	<b>0.825</b>	<b>0.925</b>

## PROCUREMENT

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Procurement	1.388	1.433	1.480	1.529
<b>Total</b>	<b>1.388</b>	<b>1.433</b>	<b>1.480</b>	<b>1.529</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	1.516	1.561	1.608	1.656
Premises	0.000	0.000	0.000	0.000
Transport	0.002	0.002	0.002	0.002
Supplies and Services	0.029	0.030	0.031	0.031
Agency and Contract Services	0.003	0.003	0.003	0.003
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.000	0.000	0.000	0.000
Exp Internal Recharge	0.000	0.000	0.000	0.000
Capital Financing	0.000	0.000	0.000	0.000
<b>Total Expenditure</b>	<b>1.550</b>	<b>1.596</b>	<b>1.644</b>	<b>1.692</b>
Government Grants	0.000	0.000	0.000	0.000
Other Grants, Reimburs & Contrib.	0.000	0.000	0.000	0.000
Customer & Client Receipts	-0.022	-0.023	-0.023	-0.024
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-0.110	-0.110	-0.110	-0.110
Inc Internal Recharge	-0.030	-0.030	-0.030	-0.030
<b>Total Income</b>	<b>-0.163</b>	<b>-0.163</b>	<b>-0.164</b>	<b>-0.164</b>
<b>Net Budget</b>	<b>1.388</b>	<b>1.433</b>	<b>1.480</b>	<b>1.529</b>

Reference	Budget change forecasts for 2023-27 Community and Environmental Services	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
	<b>OPENING BUDGET</b>	<b>180.269</b>	<b>191.754</b>	<b>199.830</b>	<b>207.359</b>
	<b>ADDITIONAL COSTS</b>				
	<b>Economic / Inflationary</b>				
	Basic Inflation - Pay (3%)	3.229	2.514	2.589	2.661
	Basic Inflation - Prices	7.581	2.193	2.271	2.359
G2324CES001	Pay award 2022-23 (£1,925 on all SCP)	3.213	0.000	0.000	0.000
G2324CES002	Remove NI 2022-23 1.25% increase (abolition of H&SC Levy)	-0.697	0.000	0.000	0.000
G2324FCS001	Pay award 2022-23 (£1,925 on all SCP)	0.133	0.000	0.000	0.000
G2324FCS002	Remove NI 2022-23 1.25% increase (abolition of H&SC Levy)	-0.034	0.000	0.000	0.000
	<b>Legislative Requirements</b>				
G2122CES002	Trading Standards - additional trading standards requirements following Brexit	-0.090	0.000	0.000	0.000
G2223CES005	Fire Pension pressures	-0.100	-0.250	0.000	0.000
G2324CES003	Fire Service - Ill health payment to Home Office fire pension account	0.000	0.000	-0.200	0.000
	<b>Demand / Demographic</b>				
G2223CES036	Future maintenance costs of Great Yarmouth 3rd river crossing	1.140	0.100	0.000	0.000
G2324CES004	Waste pressure - demand and demographic (tonnage)	0.600	2.000	2.000	2.000
G2324CES005	Future maintenance costs of other new infrastructure assets	0.050	0.050	0.050	0.000
G2324CES006	Great Yarmouth 3rd river crossing - future electricity costs for bridge operation	0.175	0.000	0.000	0.000
	<b>NCC Policy</b>				
G2223CES035	Emerging cost pressures across all services in 2023-24	3.000	0.150	0.000	0.000
G2223CES025	Growth and Development - One-off funding for local implementation plans arising from the Local Transport Plan adopted by Full Council 29 November 2021	-0.215	0.000	0.000	0.000
G2324CES010	Growth and Development - Norfolk Infrastructure Fund expenditure (one-off)	2.000	-2.000	0.000	0.000
G2324CES011	Growth and Development - Local Transport Plan	0.000	0.300	0.000	0.000
G2324CES012	Growth and Development - Transport for Norwich	0.000	0.200	0.000	0.000
G2223CES037	Loss of income from removal of overdue library charges for children and young people [Cabinet 08/03/2021]	0.044	0.000	0.000	0.000
G2223CES009	Other pressure on CES income budgets including other library fine income due to changes in policy	0.100	0.000	0.000	0.000
G2223CES040	Upfront investment for project / scheme development	0.000	0.000	0.250	0.000
G2324CES007	Fire Service - Lease cars pressure - cost increases including EV provision, and increased fleet requirement	0.430	0.000	0.000	0.000
G2324CES008	Fire Service - Norse contractual pressures for fleet services	0.266	0.000	0.000	0.000

Reference	Budget change forecasts for 2023-27 Community and Environmental Services	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
G2324CES009	Fire Service - Resource pressure to support NFRS improvement "People" activity following HMI inspection report	0.155	0.000	0.000	0.000
G2324FCS004	Green energy tariff via ESPO	0.161	0.000	0.000	0.000
		<b>21.141</b>	<b>5.257</b>	<b>6.960</b>	<b>7.021</b>
	<b>SAVINGS</b>				
S1819CES043	Income generation – Norfolk Museums Service	0.000	-0.400	0.000	0.000
S2021CES001	Additional efficiencies in staffing and operations to progress the Adult Learning service towards its goal of being cost neutral.	-0.100	0.000	0.000	0.000
S2021CES017	Reviewing the operation of Museum catering facilities to make them more commercial.	0.000	-0.035	0.000	0.000
S2223CES051	Buying rather than leasing fire service vehicles. This would bring savings while keeping the same number of vehicles on the road.	-0.111	0.000	0.000	0.000
S2223CES052	Charge for some of the expert planning advice and services we provide. This proposal requires that some of the costs for environment planning advice and information be transferred from the County Council revenue budget to a charge to the planning system. Enacting this change will require engagement with Tier 2 Local Authorities for those planning functions they cover.	-0.075	0.000	0.000	0.000
S2223CES060	Fixed Penalty Notices. Income from fines if utilities and other companies do not comply with the roadwork permits they have been issued.	0.050	0.000	0.000	0.000
S2223CES061	Fines for overrunning roadworks. Income from fines if utilities and other companies do not comply with the roadwork permits, they have been issued. Section 74 of the New Roads and Street Works Act (NRSWA) allows highway authorities to charge undertakers if street works are unreasonably prolonged i.e. take longer than previously agreed.	0.350	0.000	0.000	0.000
S2223CES094	Bring forward the reversal of Brexit pressures	0.090	0.000	0.000	0.000
S2223CES097	Remove CES ICT reserve	0.085	0.000	0.000	0.000
S2223CES099	Tarmac - increased 2021 contract saving over and above £250,000	0.010	0.000	0.000	0.000
S2324CES105	Business Rates Pool – forecast income over £2m	-0.600	0.000	0.600	0.000
S2324CES106	Review charges for events on the Highway	-0.075	0.000	0.000	0.000
S2324CES107	Reducing weedkilling on highway network to a single treatment	-0.130	0.000	0.000	0.000
S2324CES108	Flood Prevention Funding – capitalise relevant activity previously funded from revenue budgets	-0.120	0.000	0.000	0.000
S2324CES109 [SR]	Civil Parking Enforcement – future back office efficiencies	-0.100	0.000	0.000	0.000
S2324CES110	Strategic salt storage facility at Ketteringham Depot	0.000	0.000	0.000	-0.045
S2324CES111	Waste reduction initiatives: reduced funding	-0.050	0.000	0.000	0.000

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Reference	Budget change forecasts for 2023-27 Community and Environmental Services	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
S2324CES112	Recycling Centres: contract efficiencies	-0.050	0.000	0.000	0.000
S2324CES113	Closed landfill: capitalise borehole installations	-0.030	0.000	0.000	0.000
S2324CES114	Roll out of on street parking charges	-0.200	-0.800	0.000	0.000
S2324CES115	Winter Maintenance – operational delivery efficiencies	-0.100	0.000	0.000	0.000
S2324CES116	Review of Norfolk's Mobile Library Service	-0.107	0.000	0.000	0.000
S2324CES117	Norfolk Record Office - reduction in opening hours and income generation	-0.022	0.000	0.000	0.000
S2324CES118	Reduce funding to the Norfolk Windmills trust	-0.020	0.000	0.000	0.000
S2324CES119	Recycling Centres: harmonise summer opening hours at recycling centres	-0.070	0.000	0.000	0.000
S2324CES121 [SR]	Business Support review	-0.100	0.000	0.000	0.000
S2324CES122	Budget reduction: Reduction of Arts Projects Grants and reduction in the Strategic Fund	-0.010	0.000	0.000	0.000
S2324CES123	One-off usage of CES Reserves	-1.000	1.000	0.000	0.000
S2324CES124 [SR]	Restructure of the Museums Service	-0.157	-0.094	-0.030	0.000
S2324CES125	Review of budget assumptions: Removal of growth and cost pressures previously assumed in the Community and Environmental Services budget which are no longer expected to be required.	-1.200	0.000	0.000	0.000
S2324CES126	Review of fees and charges: Review of fees and charges across Highways and Waste budgets to ensure charging is at the right level and introduce new charges in line with other local authorities where appropriate.	-0.290	0.000	0.000	0.000
S2324CES127	Review of Highways and Waste budgets: Reviewing service levels, budget requirements and demand, contract efficiencies, capitalisation and deletion of vacant posts.	-0.207	0.010	0.000	0.000
S2324CES128 [SR]	Capitalisation in EDI service	-0.058	0.000	0.000	0.000
S2324CES129 [SR]	One-off saving from Trading Standards staffing budget	-0.042	0.042	0.000	0.000
S2324CES130	Armed forces covenant - reduce funding contribution for one year	-0.010	0.010	0.000	0.000
S2324CES131	Remove L&D budget	-0.010	0.000	0.000	0.000
S2324CES133	Vehicle replacement fund	-0.300	0.300	0.000	0.000
S2324CES135	Joined-up approach to Prevention and Protection / Trading Standards activities	0.000	-0.050	0.000	0.000
S2324CES136	Fire and Rescue Service efficiencies	-0.050	0.050	0.000	0.000
S2324CES137	Norfolk Record Office efficiencies	-0.005	0.000	0.000	0.000
S2324CES139	Changes to the process for determining planning decisions where the County Council is the applicant	-0.025	0.000	0.000	0.000
S2324CES140	Residual waste: waste growth review – additional saving over and above BC2 proposal	-0.100	0.000	0.000	0.000
S2324CES141	Recycling Centres: Mayton Wood relocation to Norwich North HWRC site	-0.030	-0.040	0.000	0.000
S2324CES142	Increase Recycling Centre charges	-0.025	0.000	0.000	0.000
S2324CES143	External funding contribution	-0.060	0.000	0.000	0.000

Reference	Budget change forecasts for 2023-27 Community and Environmental Services	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
S2324CES144	Streetlighting - further dim all lights with a CMS (central management system) which are usually the main road streetlights - lights would come on @ 75%, dim to 50% from 8pm	-0.100	-0.074	0.000	0.000
S2324CES145 [SR]	Strategic Review – Opportunity A and B	-2.100	-0.100	0.000	0.000
S2324CES146	Application of Business Rates Pool funds to support Norfolk Investment Framework (NIF) expenditure	-2.000	2.000	0.000	0.000
S2324CES147	One-off application of CES reserves to support core budget	-1.000	1.000	0.000	0.000
S2324FCS021	Further income from commercialisation of property assets including County Hall	-0.350	0.000	0.000	0.000
S2324FCS022 [SR]	Strategic Review – Opportunity A – Property	-0.250	0.000	0.000	0.000
S2324FCS023 [SR]	Strategic Review - Opportunity A - Procurement	-0.050	0.000	0.000	0.000
		<b>-10.904</b>	<b>2.819</b>	<b>0.570</b>	<b>-0.045</b>
	<b>BASE ADJUSTMENTS</b>				
B2324CES001	Food Safety Enforcement grant rolled into main settlement 2023-24	0.024	0.000	0.000	0.000
		<b>0.024</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
	<b>COST NEUTRAL ADJUSTMENTS</b>				
	CES/ASS - PH 22/23 agreed new cross cutting transfers	0.250	0.000	0.000	0.000
	CES/CS - PH 22/23 agreed new cross cutting transfers	0.250	0.000	0.000	0.000
	CES/FCS - IMT Fire Budgets to CES	0.127	0.000	0.000	0.000
	FCS/CES - Budget loaded to FF1700 Fire rev- spend will be on IMT Fire KT4300	-0.100	0.000	0.000	0.000
C2324CES001	Depreciation transfer	0.617	0.000	0.000	0.000
C2324CES002	Debt management transfer	0.001	0.000	0.000	0.000
C2324CES004	CES/FG - CFL062 Fire Emergency Vehicles Red Fleet	0.112	0.000	0.000	0.000
C2324CES005	CES/FG - CFL064 Fire Breathing Apparatus	0.014	0.000	0.000	0.000
C2324FCS001	Depreciation transfer	-0.025	0.000	0.000	0.000
C2324FCS002	Debt management transfer	0.000	0.000	0.000	0.000
	CS/FCS - Semi Independent Accommodation	0.029	0.000	0.000	0.000
	Virements	-0.052	0.000	0.000	0.000
	<b>NET BUDGET</b>	<b>191.754</b>	<b>199.830</b>	<b>207.359</b>	<b>214.335</b>

## STRATEGY AND TRANSFORMATION

### STRATEGY AND TRANSFORMATION PRIORITIES

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

Following the departure of the Director of Governance in January 2023, the functions previously identified separately within the Governance Department have transferred into Strategy and Transformation. These areas support the Council to be an effective organisation, ensuring there is strong governance that keeps the organisation safe and legally sound supporting elected members to shape and deliver the Council's key priorities. The opening budget in the table below has been restated to reflect the inclusion of these budgets in 2023-24. [As described elsewhere in this report](#), there have also been further changes to the organisational structure following the departure of the Executive Director of Finance and Commercial Services in April 2023 (see paragraph below). There may be further changes as a result of the detailed implementation of the Strategic Review.

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

- A **strategic focus** – to provide advice and to support the political and managerial leadership of the Council in their strategic approach. At a time when resources are stretched, and a number of “unknowns” remain in the financial and government policy space, it is essential to have the capability to:
  - look to the future and anticipate change.
  - provide analytical and problem-solving expertise to the executive team and departments.
  - offer professional leadership to the organisation in key areas such as strategy, communications and intelligence and analytics, to drive insights and actions.
  - These capabilities are also offered to Norfolk Resilience Forum (NRF) partners, supporting their management and delivery.
- i. A **governance focus** – to ensure the organisation is safe, compliant and governed effectively and with strategic focus and purpose, with strong stewardship / control systems and processes, joining up across the local government system.
- ii. A **transformational focus** – to support and enable change to deliver expected benefits and outcomes and drive innovation, through providing capacity and support to services by:

1. defining transformational solutions to strategic problems across all areas of processes, people and systems
  2. delivering projects and transformation at pace where required
  3. supporting the Council to improve its performance through, enhancing the governance of significant transformation activity and capital investment.
  4. supporting our people to have the skills and behaviours needed to deliver
- iii. An **enabling service focus** – providing more responsive internal services from all elements of the department to managers and staff while:
1. achieving lower costs through greater use of technology,
  2. developing and implementing simpler and more streamlined processes that deliver the desired outcomes
  3. supporting and driving evidence-based decision making
  4. clear concise communications internally and externally to support service provision, drive the uptake of council services, and position the council in a leadership capacity
  5. building the Council's positive reputation for delivery and influence positive behavioural change
- iv. A **service delivery and income generating focus** – to create value for the Council through maximising the opportunities provided through public service provision, for genuine fee earning activities which don't deviate from, but enhance, our statutory purpose and core offer. The newly integrated functions of Nplaw and Registrars generate income, and budget proposals take into account the potential for fee earning. Other functions within Strategy and Transformation including HR, Communications and Insight and Analytics also have an important income generating dimension to their budgets

### **Service financial strategy and savings proposals 2023-24**

To ensure best value for money, we continue to investigate and explore opportunities for a coordinated spend approach across the Council in all areas. The department's strategic approach to developing budget proposals is intended to:

- v. Maintain strong governance as efficiently and effectively as possible, which keeps the organisation safe and legally sound and supports elected members to shape and deliver the Council's key priorities.
- vi. Balance opportunities to maximise income for genuine fee earning services against cost savings, without deviating from our core service offering.
- vii. Work to drive our professional leads model and organisation design, in providing support across the organisation to maximise efficiency, and effectiveness.
- viii. Ensure the realisation of benefits identified in the Strategic Review, Transformation and Smarter Working programmes. To support this

activity, the budget proposals for 2023-24 include growth in the service's Transformation delivery and associated governance capacity, funded by capital receipts for the two years to 2025-26 to provide:

- a. specialist resource to improve transformation delivery across the council
- b. improved corporate oversight of the transformation and capital spend to support clear strategic alignment and resourcing of our programmes
- ix. Provide clarity on HR core service delivery post MyOracle implementation.
- x. Acknowledge and invest in the role of manager capability and capacity in good people practice resulting in reduced HR intervention and advice.

Critical objectives and priorities for the year include to:

- xi. Support the overall implementation year one of the Strategic Review and developing plans for future years that support an increased culture of delivery.
- xii. Implement those changes identified in the Strategic Review that specifically relate to areas within Strategy and Transformation and identifying opportunities and synergies through this new grouping of services.
- xiii. Co-ordinate the preparation for mobilisation of the County Deal for Norfolk and leading on relevant areas.
- xiv. Create wider organisational capacity and capability in strategy, policy, innovation and operational performance, through enhanced direct support to services and deeper engagement into the organisation.
- xv. Develop, implement and embed a new performance management framework.
- xvi. Increase the provision of insight, accessible information and resources in a timely and meaningful way so as to enable evidence and intelligence led decision-making in the delivery of our services.
- xvii. Create meaningful conversations with residents, employees, partners and stakeholders to highlight how the Council is bringing positive change.
- xviii. Continue to deliver the Smarter Working programme and realise benefits across the organisation.
- xix. Strengthen the transformation, innovation and capital programme's governance framework, ensuring a direct connection to organisational performance and return on investment.
- xx. Build a central transformation delivery capability to assure transformation delivery and ability to respond to an organisational priority.
- xxi. Developing better systems, processes and online resources which support self-service and improve access for the public, councillors and colleagues.

- xxii. Delivering regulatory services which are business-like and joined up, making a positive contribution to the Council's priorities.
- xxiii. Pursuing opportunities to increase external legal work to increase trading surplus to be contributed to Council front line services.
- xxiv. Making better use of technology to further improve legal support to customers and continue move away from paper-based systems.

## STRATEGY AND TRANSFORMATION – EXECUTIVE DIRECTOR – PAUL CRACKNELL

**Table 34: Strategy and Transformation Budget Tables**

<b>Breakdown of Gross Expenditure</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Communications	1.468	1.514	1.560	1.608
Democratic Services	6.110	6.346	6.597	6.860
Human Resources & Organisational Development	6.998	7.194	7.396	7.605
IMT	17.209	17.596	17.992	18.400
Intelligence & Analytics	3.849	3.923	4.039	4.159
NPLaw	6.683	6.546	6.551	6.557
Strategic Services	0.060	0.060	0.061	0.061
Strategy Director	0.472	0.228	0.234	0.241
Transformation	3.020	3.110	1.671	1.721
	<b>45.869</b>	<b>46.517</b>	<b>46.103</b>	<b>47.212</b>

Exp Internal Recharge	0.228
<b>Total Gross Expenditure</b>	<b>46.097</b>

<b>Breakdown of Gross Income</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Communications	-0.578	-0.578	-0.578	-0.578
Democratic Services	-2.903	-2.903	-2.903	-2.903
Human Resources & Organisational Development	-2.599	-2.599	-2.599	-2.599
IMT	-6.999	-7.002	-7.005	-7.008
Intelligence & Analytics	-1.085	-1.046	-1.046	-1.046
NPLaw	-6.798	-6.798	-6.798	-6.798
Strategic Services	-0.302	-0.302	-0.302	-0.302
Strategy Director	-0.050	0.000	0.000	0.000
Transformation	-1.584	-1.584	-0.013	-0.013
	<b>-22.898</b>	<b>-22.812</b>	<b>-21.244</b>	<b>-21.247</b>

Inc Internal Recharge	-0.259
<b>Total Gross Income</b>	<b>-23.157</b>

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Communications	0.890	0.936	0.982	1.031
Democratic Services	3.207	3.444	3.694	3.957
Human Resources & Organisational Development	4.399	4.595	4.798	5.006
IMT	10.210	10.594	10.987	11.392
Intelligence & Analytics	2.763	2.877	2.993	3.113
NPLaw	-0.115	-0.252	-0.247	-0.241
Strategic Services	-0.242	-0.241	-0.241	-0.241
Strategy Director	0.422	0.228	0.234	0.241
Transformation	1.436	1.526	1.658	1.707
<b>Total</b>	<b>22.971</b>	<b>23.705</b>	<b>24.859</b>	<b>25.965</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	35.966	36.778	36.275	37.294
Premises	0.238	0.240	0.242	0.244
Transport	0.214	0.215	0.215	0.216
Supplies and Services	6.525	6.357	6.441	6.527
Agency and Contract Services	0.085	0.087	0.089	0.091
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.589	0.589	0.589	0.589
Exp Internal Recharge	0.228	0.228	0.228	0.228
Capital Financing	2.251	2.251	2.251	2.251
<b>Total Expenditure</b>	<b>46.097</b>	<b>46.746</b>	<b>46.331</b>	<b>47.440</b>
Government Grants	-0.287	-0.287	-0.287	-0.287
Other Grants, Reimburs & Contrib.	-4.108	-4.019	-4.019	-4.019
Customer & Client Receipts	-6.477	-6.480	-6.484	-6.487
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	-6.301	-6.301	-6.301	-6.301
Inc Departmental Recharge	-5.724	-5.724	-4.153	-4.153
Inc Internal Recharge	-0.259	-0.259	-0.259	-0.259
<b>Total Income</b>	<b>-23.157</b>	<b>-23.071</b>	<b>-21.503</b>	<b>-21.506</b>
<b>Net Budget</b>	<b>22.941</b>	<b>23.675</b>	<b>24.828</b>	<b>25.935</b>

## COMMUNICATIONS

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Communications	0.871	0.916	0.963	1.011
Consultation & Community Relations	0.019	0.019	0.020	0.020
<b>Total</b>	<b>0.890</b>	<b>0.936</b>	<b>0.982</b>	<b>1.031</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	1.496	1.541	1.587	1.635
Premises	0.000	0.000	0.000	0.000
Transport	0.001	0.001	0.001	0.001
Supplies and Services	-0.030	-0.029	-0.029	-0.028
Agency and Contract Services	0.000	0.000	0.000	0.000
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.000	0.000	0.000	0.000
Exp Internal Recharge	0.000	0.000	0.000	0.000
Capital Financing	0.000	0.000	0.000	0.000
<b>Total Expenditure</b>	<b>1.468</b>	<b>1.514</b>	<b>1.560</b>	<b>1.608</b>
Government Grants	0.000	0.000	0.000	0.000
Other Grants, Reimburs & Contrib.	-0.200	-0.200	-0.200	-0.200
Customer & Client Receipts	-0.041	-0.041	-0.041	-0.041
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-0.337	-0.337	-0.337	-0.337
Inc Internal Recharge	0.000	0.000	0.000	0.000
<b>Total Income</b>	<b>-0.578</b>	<b>-0.578</b>	<b>-0.578</b>	<b>-0.578</b>
<b>Net Budget</b>	<b>0.890</b>	<b>0.936</b>	<b>0.982</b>	<b>1.031</b>

## DEMOCRATIC SERVICES

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Coroners	2.498	2.653	2.820	2.997
Democratic Services	0.976	1.003	1.032	1.061
Elections	0.317	0.317	0.317	0.317
Registrars	-0.583	-0.530	-0.475	-0.418
<b>Total</b>	<b>3.207</b>	<b>3.444</b>	<b>3.694</b>	<b>3.957</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	4.126	4.360	4.609	4.870
Premises	0.019	0.019	0.019	0.019
Transport	0.049	0.049	0.049	0.050
Supplies and Services	1.808	1.809	1.811	1.812
Agency and Contract Services	0.016	0.016	0.016	0.017
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.093	0.093	0.093	0.093
Exp Internal Recharge	0.067	0.067	0.067	0.067
Capital Financing	0.000	0.000	0.000	0.000
<b>Total Expenditure</b>	<b>6.177</b>	<b>6.413</b>	<b>6.663</b>	<b>6.927</b>
Government Grants	-0.077	-0.077	-0.077	-0.077
Other Grants, Reimburs & Contrib.	-0.045	-0.045	-0.045	-0.045
Customer & Client Receipts	-2.780	-2.780	-2.780	-2.780
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	0.000	0.000	0.000	0.000
Inc Internal Recharge	-0.067	-0.067	-0.067	-0.067
<b>Total Income</b>	<b>-2.970</b>	<b>-2.970</b>	<b>-2.970</b>	<b>-2.970</b>
<b>Net Budget</b>	<b>3.207</b>	<b>3.444</b>	<b>3.694</b>	<b>3.957</b>

## HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Departmental / Group Management & Admin	0.775	0.823	0.873	0.924
Health Safety & Wellbeing Management	0.591	0.620	0.650	0.681
Strategy & Operations	3.033	3.152	3.274	3.401
<b>Total</b>	<b>4.399</b>	<b>4.595</b>	<b>4.798</b>	<b>5.006</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	7.230	7.425	7.626	7.832
Premises	0.011	0.011	0.011	0.011
Transport	0.110	0.110	0.110	0.110
Supplies and Services	-0.365	-0.364	-0.362	-0.361
Agency and Contract Services	0.003	0.003	0.003	0.003
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.009	0.009	0.009	0.009
Exp Internal Recharge	0.069	0.069	0.069	0.069
Capital Financing	0.000	0.000	0.000	0.000
<b>Total Expenditure</b>	<b>7.067</b>	<b>7.263</b>	<b>7.466</b>	<b>7.674</b>
Government Grants	0.000	0.000	0.000	0.000
Other Grants, Reimburs & Contrib.	-0.882	-0.882	-0.882	-0.882
Customer & Client Receipts	-1.103	-1.103	-1.103	-1.103
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-0.614	-0.614	-0.614	-0.614
Inc Internal Recharge	-0.069	-0.069	-0.069	-0.069
<b>Total Income</b>	<b>-2.668</b>	<b>-2.668</b>	<b>-2.668</b>	<b>-2.668</b>
<b>Net Budget</b>	<b>4.399</b>	<b>4.595</b>	<b>4.798</b>	<b>5.006</b>

## INFORMATION MANAGEMENT TECHNOLOGY

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
ICT Schools	-0.149	-0.098	-0.045	0.009
Information Services	1.060	1.118	1.177	1.239
Infrastructure	5.644	5.847	6.056	6.270
People Portfolio	-0.054	-0.051	-0.047	-0.043
Places	3.529	3.572	3.616	3.662
Technical Programme & Resources	0.150	0.175	0.200	0.226
<b>Total</b>	<b>10.180</b>	<b>10.563</b>	<b>10.957</b>	<b>11.362</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	10.199	10.505	10.820	11.144
Premises	0.206	0.208	0.210	0.212
Transport	0.045	0.045	0.045	0.045
Supplies and Services	4.410	4.488	4.568	4.649
Agency and Contract Services	0.010	0.010	0.011	0.011
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.089	0.089	0.089	0.089
Exp Internal Recharge	0.092	0.092	0.092	0.092
Capital Financing	2.251	2.251	2.251	2.251
<b>Total Expenditure</b>	<b>17.302</b>	<b>17.688</b>	<b>18.085</b>	<b>18.493</b>
Government Grants	-0.210	-0.210	-0.210	-0.210
Other Grants, Reimburs & Contrib.	-2.326	-2.326	-2.326	-2.326
Customer & Client Receipts	-2.057	-2.060	-2.063	-2.066
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-2.406	-2.406	-2.406	-2.406
Inc Internal Recharge	-0.123	-0.123	-0.123	-0.123
<b>Total Income</b>	<b>-7.122</b>	<b>-7.125</b>	<b>-7.128</b>	<b>-7.131</b>
<b>Net Budget</b>	<b>10.180</b>	<b>10.563</b>	<b>10.957</b>	<b>11.362</b>

## INTELLIGENCE AND ANALYTICS

<b>Breakdown of Net Spend</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Intelligence & Analytics	2.763	2.877	2.993	3.113
<b>Total Net Spend</b>	<b>2.763</b>	<b>2.877</b>	<b>2.993</b>	<b>3.113</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Employee Expenses	3.788	3.862	3.977	4.096
Premises	0.002	0.002	0.002	0.002
Transport	0.002	0.002	0.002	0.002
Supplies and Services	0.024	0.024	0.025	0.025
Agency and Contract Services	0.014	0.014	0.014	0.015
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.019	0.019	0.019	0.019
Exp Internal Recharge	0.000	0.000	0.000	0.000
Capital Financing	0.000	0.000	0.000	0.000
<b>Total Expenditure</b>	<b>3.849</b>	<b>3.923</b>	<b>4.039</b>	<b>4.159</b>
Government Grants	0.000	0.000	0.000	0.000
Other Grants, Reimburs & Contrib.	-0.605	-0.565	-0.565	-0.565
Customer & Client Receipts	0.000	0.000	0.000	0.000
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-0.481	-0.481	-0.481	-0.481
Inc Internal Recharge	0.000	0.000	0.000	0.000
<b>Total Income</b>	<b>-1.085</b>	<b>-1.046</b>	<b>-1.046</b>	<b>-1.046</b>
<b>Net Budget</b>	<b>2.763</b>	<b>2.877</b>	<b>2.993</b>	<b>3.113</b>

## NPLAW

<b>Breakdown of Net Spend</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Legal	-0.310	-0.452	-0.452	-0.452
Monitoring Officer	0.195	0.200	0.206	0.211
<b>Total Net Spend</b>	<b>-0.115</b>	<b>-0.252</b>	<b>-0.247</b>	<b>-0.241</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Employee Expenses	5.916	5.778	5.783	5.787
Premises	0.001	0.001	0.001	0.001
Transport	0.005	0.005	0.005	0.005
Supplies and Services	0.382	0.382	0.382	0.382
Agency and Contract Services	0.043	0.044	0.044	0.045
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.337	0.337	0.337	0.337
Exp Internal Recharge	0.000	0.000	0.000	0.000
Capital Financing	0.000	0.000	0.000	0.000
<b>Total Expenditure</b>	<b>6.683</b>	<b>6.546</b>	<b>6.551</b>	<b>6.557</b>
Government Grants	0.000	0.000	0.000	0.000
Other Grants, Reimburs & Contrib.	-0.001	-0.001	-0.001	-0.001
Customer & Client Receipts	-0.496	-0.496	-0.496	-0.496
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	-6.301	-6.301	-6.301	-6.301
Inc Departmental Recharge	0.000	0.000	0.000	0.000
Inc Internal Recharge	0.000	0.000	0.000	0.000
<b>Total Income</b>	<b>-6.798</b>	<b>-6.798</b>	<b>-6.798</b>	<b>-6.798</b>
<b>Net Budget</b>	<b>-0.115</b>	<b>-0.252</b>	<b>-0.247</b>	<b>-0.241</b>

## STRATEGIC SERVICES

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Shared Services contribution	-0.242	-0.241	-0.241	-0.241
<b>Total Net Spend</b>	<b>-0.242</b>	<b>-0.241</b>	<b>-0.241</b>	<b>-0.241</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	0.000	0.000	0.000	0.000
Premises	0.000	0.000	0.000	0.000
Transport	0.000	0.000	0.000	0.000
Supplies and Services	0.018	0.018	0.019	0.019
Agency and Contract Services	0.000	0.000	0.000	0.000
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.042	0.042	0.042	0.042
Exp Internal Recharge	0.000	0.000	0.000	0.000
Capital Financing	0.000	0.000	0.000	0.000
<b>Total Expenditure</b>	<b>0.060</b>	<b>0.060</b>	<b>0.061</b>	<b>0.061</b>
Government Grants	0.000	0.000	0.000	0.000
Other Grants, Reimburs & Contrib.	0.000	0.000	0.000	0.000
Customer & Client Receipts	0.000	0.000	0.000	0.000
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-0.302	-0.302	-0.302	-0.302
Inc Internal Recharge	0.000	0.000	0.000	0.000
<b>Total Income</b>	<b>-0.302</b>	<b>-0.302</b>	<b>-0.302</b>	<b>-0.302</b>
<b>Net Budget</b>	<b>-0.242</b>	<b>-0.241</b>	<b>-0.241</b>	<b>-0.241</b>

## STRATEGY DIRECTOR

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Strategy Director	0.422	0.228	0.234	0.241
<b>Total Net Spend</b>	<b>0.422</b>	<b>0.228</b>	<b>0.234</b>	<b>0.241</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	0.213	0.219	0.226	0.232
Premises	0.000	0.000	0.000	0.000
Transport	0.002	0.002	0.002	0.002
Supplies and Services	0.257	0.007	0.007	0.007
Agency and Contract Services	0.000	0.000	0.000	0.000
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.000	0.000	0.000	0.000
Exp Internal Recharge	0.000	0.000	0.000	0.000
Capital Financing	0.000	0.000	0.000	0.000
<b>Total Expenditure</b>	<b>0.472</b>	<b>0.228</b>	<b>0.234</b>	<b>0.241</b>
Government Grants	0.000	0.000	0.000	0.000
Other Grants, Reimburs & Contrib.	-0.050	0.000	0.000	0.000
Customer & Client Receipts	0.000	0.000	0.000	0.000
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	0.000	0.000	0.000	0.000
Inc Internal Recharge	0.000	0.000	0.000	0.000
<b>Total Income</b>	<b>-0.050</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Net Budget</b>	<b>0.422</b>	<b>0.228</b>	<b>0.234</b>	<b>0.241</b>

## TRANSFORMATION

<b>Breakdown of Net Spend</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Transformation	1.436	1.526	1.658	1.707
<b>Total Net Spend</b>	<b>1.436</b>	<b>1.526</b>	<b>1.658</b>	<b>1.707</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Employee Expenses	2.998	3.087	1.648	1.697
Premises	0.000	0.000	0.000	0.000
Transport	0.001	0.001	0.001	0.001
Supplies and Services	0.021	0.021	0.022	0.022
Agency and Contract Services	0.000	0.000	0.000	0.000
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.000	0.000	0.000	0.000
Exp Internal Recharge	0.000	0.000	0.000	0.000
Capital Financing	0.000	0.000	0.000	0.000
<b>Total Expenditure</b>	<b>3.020</b>	<b>3.110</b>	<b>1.671</b>	<b>1.721</b>
Government Grants	0.000	0.000	0.000	0.000
Other Grants, Reimburs & Contrib.	0.000	0.000	0.000	0.000
Customer & Client Receipts	0.000	0.000	0.000	0.000
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	0.000	0.000	0.000	0.000
Inc Departmental Recharge	-1.584	-1.584	-0.013	-0.013
Inc Internal Recharge	0.000	0.000	0.000	0.000
<b>Total Income</b>	<b>-1.584</b>	<b>-1.584</b>	<b>-0.013</b>	<b>-0.013</b>
<b>Net Budget</b>	<b>1.436</b>	<b>1.526</b>	<b>1.658</b>	<b>1.707</b>

Reference	Budget change forecasts for 2023-27 Strategy and Transformation	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
	<b>OPENING BUDGET</b>	<b>20.123</b>	<b>22.941</b>	<b>23.675</b>	<b>24.828</b>
	<b>ADDITIONAL COSTS</b>				
	<b>Economic / Inflationary</b>				
	Basic Inflation - Pay (3%)	0.735	0.882	0.910	0.895
	Basic Inflation - Prices	0.097	0.084	0.085	0.087
G2324S&T001	Pay award 2022-23 (£1,925 on all SCP)	0.594	0.000	0.000	0.000
G2324S&T002	Remove NI 2022-23 1.25% increase (abolition of H&SC Levy)	-0.120	0.000	0.000	0.000
G2324GOV001	Pay award 2022-23 (£1,925 on all SCP)	0.473	0.000	0.000	0.000
G2324GOV002	Remove NI 2022-23 1.25% increase (abolition of H&SC Levy)	-0.085	0.000	0.000	0.000
G2324FCS001	Pay award 2022-23 (£1,925 on all SCP)	0.490	0.000	0.000	0.000
G2324FCS002	Remove NI 2022-23 1.25% increase (abolition of H&SC Levy)	-0.087	0.000	0.000	0.000
	<b>Demand / Demographic</b>				
G2021GOV001	Coroners - additional cost for storing bodies	0.080	0.000	0.000	0.000
G2324GOV003	Coroners - increased pathologist fees	0.100	0.000	0.000	0.000
	<b>NCC Policy</b>				
G2324S&T003	County Deal - implementation costs including consultation, prior to capacity funding becoming available in December 2023, if the County Deal is approved	0.250	-0.250	0.000	0.000
G2324S&T004	Transformation service - growth pressure following Strategic Review (funded by capital receipt flexibility)	1.531	0.000	-1.531	0.000
G2021GOV002	Coroners Officers administrative team (12 FTE) transfer from Police	0.105	0.111	0.118	0.124
G2324GOV005	Coroners resource / capacity increase to address volumes of work	0.200	0.000	0.000	0.000
G2324GOV006	8% Market Supplement for Nplaw Grades I to N until 31 October 2023	0.142	-0.142	0.000	0.000
G2324FCS003	ICT support to enable WFH equipment provision	0.031	0.000	0.000	0.000
		<b>4.535</b>	<b>0.684</b>	<b>-0.417</b>	<b>1.106</b>
	<b>SAVINGS</b>				
S2223S&T002	Insight & Analytics budget saving and additional income. Deliver a saving by delaying recruitment and seeking alternative sources of funding for currently vacant posts.	0.097	0.000	0.000	0.000
S2223S&T003	One off use of Strategy and Transformation reserves.	0.050	0.000	0.000	0.000
S2223S&T005	National Insurance savings on employee support schemes - invest to save approach based on promoting uptake of salary sacrifice arrangements to deliver Employer's NI savings	-0.045	0.000	0.000	0.000
S2122S&T015	BC3 - HR & Finance System - Benefits realisation from HR & Finance System replacement in HR&OD - Benefits realisation work is still underway to quantify value of saving, but current forecast reflects savings of £0.280m in 2022-23	0.099	0.000	0.000	0.000
S2324S&T006 [SR]	Expansion of professional leads: Centralise and control spend on communications. This would include paid staff and non-pay procurement across the organisation	-0.100	0.000	0.000	0.000
S2324S&T007 [SR]	Expansion of professional leads: Work with other departments to agree the Council's desired level of activity and overall number of analysts required	-0.100	0.000	0.000	0.000

Reference	Budget change forecasts for 2023-27 Strategy and Transformation	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
S2324S&T008 [SR]	One-off usage of S&T Reserves	-0.050	0.050	0.000	0.000
S2324S&T009 [SR]	HR remodelling	-0.447	0.000	0.000	0.000
S2324S&T010 [SR]	One off use of Strategy and Transformation reserves.	-1.571	0.000	1.571	0.000
S2223GOV005	Use of Governance reserves. One-off release of reserves to offset budget pressures following review of all reserves held.	0.100	0.000	0.000	0.000
S2324GOV010	Increase in Registrars income	-0.075	0.000	0.000	0.000
S2324FCS024 [SR]	Strategic Review - Opportunity A - IMT and Digital	-0.500	0.000	0.000	0.000
		<b>-2.542</b>	<b>0.050</b>	<b>1.571</b>	<b>0.000</b>
	<b>COST NEUTRAL ADJUSTMENTS</b>				
	S&T/FCS HR Admin Support Officer	0.039	0.000	0.000	0.000
	S&T/FCS - HR Transactions Team	0.317	0.000	0.000	0.000
C2324FCS001	Depreciation transfer	0.484	0.000	0.000	0.000
C2324FCS002	Debt management transfer	0.001	0.000	0.000	0.000
C2324GOV001	Debt management transfer	-0.015	0.000	0.000	0.000
C2324GOV002	Debt management transfer	0.000	0.000	0.000	0.000
	CES/FCS - IMT Fire Budgets to CES	-0.127	0.000	0.000	0.000
	FCS/CES - Budget loaded to FF1700 Fire rev- spend will be on IMT Fire KT4300	0.100	0.000	0.000	0.000
	Virements	0.025	0.000	0.000	0.000
		<b>0.824</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
	<b>NET BUDGET</b>	<b>22.941</b>	<b>23.675</b>	<b>24.828</b>	<b>25.935</b>

## FINANCE

### FINANCE

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

- To continue to support the Council to set robust budgets;
- To continue to enhance financial performance across the Council including supporting and training Responsible Budget Officers (RBOs);
- To provide financial information which supports good decision making;
- To provide robust financial support and advice to key organisational priorities including the County Deal, Local First Inclusion, and Promoting Independence;
- To support front-line services to transform services to meet the Council's goals and objectives, reducing the costs of our services whilst improving their effectiveness wherever possible;
- To continue to promote good financial management across all services to ensure that financial resources are utilised as efficiently and effectively as possible to deliver value for money;
- To improve and maximise the benefits of myOracle; and
- To integrate the Schools Finance Team into the finance department.

Following the departure of the Executive Director of Finance and Commercial Services in April 2023 as part of the Strategic Review, elements of the previous Finance and Commercial Services department have been transferred into other departments [as described elsewhere](#) in this document. The remaining Finance service has been combined with Finance General to establish a "Finance" budget as detailed below. It is anticipated that in due course there will be further changes to the organisational structure of the Finance Department as a result of the Strategic Review, however as the detailed implications remain to be confirmed, these are not incorporated in the 2023-24 Budget Book. Any such changes will be reported to Cabinet as part of regular monitoring during the year as appropriate.

The key objectives set out above have informed the Department's approach to identifying budget proposals which minimise the impact on front line services. Saving plans for 2023-24 are therefore focussed on achieving efficiencies and improvements, including realising the benefits of the MyOracle in future financial years. Alongside this, the Department is seeking to maximise income, for example from further commercialisation.

## FINANCE – DIRECTOR – HARVEY BULLEN

**Table 35: Finance Budget Tables**

<b>Breakdown of Gross Expenditure</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Finance	20.058	20.069	20.144	20.380
Finance General	102.181	135.825	161.586	190.106
<b>Total</b>	<b>122.239</b>	<b>155.894</b>	<b>181.730</b>	<b>210.485</b>

Exp Internal Recharge	0.257
<b>Total Gross Expenditure</b>	<b>122.496</b>

<b>Breakdown of Gross Income</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Finance	-9.161	-9.125	-9.096	-9.098
Finance General	-316.210	-307.571	-307.571	-307.572
<b>Total</b>	<b>-325.371</b>	<b>-316.695</b>	<b>-316.667</b>	<b>-316.670</b>

Inc Internal Recharge	-0.232
<b>Total Gross Income</b>	<b>-325.603</b>

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Finance	10.898	10.944	11.048	11.282
Finance General	-214.029	-171.745	-145.985	-117.466
<b>Total</b>	<b>-203.132</b>	<b>-160.801</b>	<b>-134.937</b>	<b>-106.185</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	45.776	49.701	50.458	51.346
Premises	0.164	0.164	0.164	0.164
Transport	0.867	0.883	0.899	0.916
Supplies and Services	5.324	30.323	55.623	81.473
Agency and Contract Services	-0.787	-0.787	-0.787	-0.787
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	1.489	1.532	1.575	1.620
Exp Departmental Recharges	3.187	3.163	1.163	1.163
Exp Internal Recharge	0.257	0.257	0.257	0.257
Capital Financing	66.219	70.916	72.636	74.590
<b>Total Expenditure</b>	<b>122.496</b>	<b>156.151</b>	<b>181.987</b>	<b>210.743</b>
Government Grants	-242.272	-241.644	-241.644	-241.644
Other Grants, Reimburs & Contrib.	-8.341	-0.291	-0.291	-0.291
Customer & Client Receipts	-2.078	-2.080	-2.083	-2.085
Interest rec'd	-4.596	-4.596	-4.596	-4.596
Corporate Recharges inc Capital Finance	-64.011	-64.012	-64.012	-64.013
Inc Departmental Recharge	-4.072	-4.072	-4.042	-4.042
Inc Internal Recharge	-0.232	-0.232	-0.232	-0.232
<b>Total Income</b>	<b>-325.603</b>	<b>-316.927</b>	<b>-316.899</b>	<b>-316.902</b>
<b>Net Budget</b>	<b>-203.107</b>	<b>-160.776</b>	<b>-134.912</b>	<b>-106.160</b>

## FINANCE

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Audit	0.615	0.638	0.662	0.687
Budgeting & Financial Management	5.080	5.131	5.181	5.313
Finance Exchequer Services	5.227	5.201	5.231	5.308
Pensions	0.000	0.000	0.000	0.000
<b>Total</b>	<b>10.923</b>	<b>10.970</b>	<b>11.074</b>	<b>11.307</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	16.611	16.841	17.125	17.529
Premises	0.164	0.164	0.164	0.164
Transport	0.074	0.074	0.074	0.074
Supplies and Services	2.875	2.615	2.406	2.237
Agency and Contract Services	0.027	0.027	0.027	0.027
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	0.000	0.000	0.000	0.000
Exp Departmental Recharges	0.144	0.184	0.184	0.184
Exp Internal Recharge	0.257	0.257	0.257	0.257
Capital Financing	0.164	0.164	0.164	0.164
<b>Total Expenditure</b>	<b>20.315</b>	<b>20.326</b>	<b>20.401</b>	<b>20.637</b>
Government Grants	0.000	0.000	0.000	0.000
Other Grants, Reimburs & Contrib.	-0.329	-0.291	-0.291	-0.291
Customer & Client Receipts	-1.927	-1.928	-1.930	-1.931
Interest rec'd	0.000	0.000	0.000	0.000
Corporate Recharges inc Capital Finance	-2.936	-2.936	-2.937	-2.938
Inc Departmental Recharge	-3.969	-3.969	-3.938	-3.938
Inc Internal Recharge	-0.232	-0.232	-0.232	-0.232
<b>Total Income</b>	<b>-9.393</b>	<b>-9.356</b>	<b>-9.328</b>	<b>-9.330</b>
<b>Net Budget</b>	<b>10.923</b>	<b>10.970</b>	<b>11.074</b>	<b>11.307</b>

## FINANCE GENERAL

<b>Breakdown of Net Spend</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Finance General	-214.029	-171.745	-145.985	-117.466
<b>Total</b>	<b>-214.029</b>	<b>-171.745</b>	<b>-145.985</b>	<b>-117.466</b>

<b>Subjective Analysis of Budget</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>	<b>2025-26 £m</b>	<b>2026-27 £m</b>
Employee Expenses	29.165	32.860	33.332	33.818
Premises	0.000	0.000	0.000	0.000
Transport	0.793	0.809	0.825	0.841
Supplies and Services	2.449	27.708	53.217	79.236
Agency and Contract Services	-0.814	-0.814	-0.814	-0.814
Transfer Payments	0.000	0.000	0.000	0.000
Support Services	1.489	1.532	1.575	1.620
Exp Departmental Recharges	3.043	2.979	0.979	0.979
Exp Internal Recharge	0.000	0.000	0.000	0.000
Capital Financing	66.055	70.752	72.472	74.426
<b>Total Expenditure</b>	<b>102.181</b>	<b>135.825</b>	<b>161.586</b>	<b>190.106</b>
Government Grants	-242.272	-241.644	-241.644	-241.644
Other Grants, Reimburs & Contrib.	-8.012	0.000	0.000	0.000
Customer & Client Receipts	-0.151	-0.152	-0.153	-0.154
Interest rec'd	-4.596	-4.596	-4.596	-4.596
Corporate Recharges inc Capital Finance	-61.075	-61.075	-61.075	-61.075
Inc Departmental Recharge	-0.104	-0.104	-0.104	-0.104
Inc Internal Recharge	0.000	0.000	0.000	0.000
<b>Total Income</b>	<b>-316.210</b>	<b>-307.571</b>	<b>-307.571</b>	<b>-307.572</b>
<b>Net Budget</b>	<b>-214.029</b>	<b>-171.745</b>	<b>-145.985</b>	<b>-117.466</b>

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

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

Provision for future growth pressures has been held centrally from 2024-25 within the "Supplies and Services" totals. This will be allocated to Departments based on actual evidenced growth needs as part of the budget setting process(es) in future years.

Reference	Budget change forecasts for 2023-27 Finance	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
	<b>OPENING BUDGET</b>	<b>-188.527</b>	<b>-203.107</b>	<b>-160.776</b>	<b>-134.912</b>
	<b>ADDITIONAL COSTS</b>				
	<b>Economic / Inflationary</b>				
	Basic Inflation - Pay (3%)	0.928	0.790	0.907	0.929
	Basic Inflation - Prices	0.143	0.095	0.097	0.099
G2324FCS001	Pay award 2022-23 (£1,925 on all SCP)	0.908	0.000	0.000	0.000
G2324FCS002	Remove NI 2022-23 1.25% increase (abolition of H&SC Levy)	-0.126	0.000	0.000	0.000
G2324FG001	Pay award 2022-23 (£1,925 on all SCP)	0.025	0.000	0.000	0.000
G2324FG002	Remove NI 2022-23 1.25% increase (abolition of H&SC Levy)	-0.004	0.000	0.000	0.000
G2324FG009	Basic inflation - Pay (2023-24 additional 2.5% central contingency, 1% 2024-25)	6.766	3.319	0.000	0.000
G2324FG010	Remove 2022-23 inflation contingency not required	-0.296	0.000	0.000	0.000
G2324FG011	Central provision for pay award 2022-23 allocated to services (originally assumed 3%)	-7.484	0.000	0.000	0.000
G2324FG012	Insurance premium uplift pressures anticipated c15% (10% provided)	0.176	0.000	0.000	0.000
	<b>Legislative Requirements</b>			0.000	0.000
G2021FG004	NCC Pensions valuation 31 March 2019 for 2020-21 to 2022-23	1.152	0.000	0.000	0.000
G2021FG005	Other Pensions valuation 31 March 2019 for 2020-21 to 2022-23	0.848	0.000	0.000	0.000
G2021FG001	Environment Agency Levy increase	0.050	0.000	0.000	0.000
G2021FG002	Increased IFCA Precept	0.011	0.000	0.000	0.000
G2324FG003	Increase in the local levy to the Regional Flood and Coastal Committees of up to 3.00% (Cabinet 03/10/2022)	0.028	0.000	0.000	0.000
G2324FG004	Additional costs of External Audit following PSAA re-procurement exercise 2022	0.188	0.000	0.000	0.000
G2324FG013	Increase in Apprenticeship levy to reflect historic pay awards and actual costs	0.450	0.000	0.000	0.000
	<b>Demand / Demographic</b>			0.000	0.000
G2324FG014	Provision for future Service Pressures	0.000	25.000	25.500	26.010
	<b>NCC Policy</b>				
G2122FCS002	Revenue pressure for HR and Finance System replacement	-0.052	0.000	0.000	0.000
G2021FG005	Revised Treasury Management costs	2.902	0.000	0.000	0.000
G2324FG005	Minimum Revenue Provision	-4.555	2.497	1.720	1.954
G2223FG007	Provision to increase General Fund level to maintain at target 5% net Budget	0.500	0.250	0.000	0.000
G2223FG002	One-off application of 2021-22 underspends carried forward to support revenue budget pressures across all services	18.000	0.000	0.000	0.000
G2223FG008	Reduced ESPO dividend income	0.060	0.000	0.000	0.000
G2223FG011	Children's transformation provision removal	0.000	0.000	-2.000	0.000

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G2324FG006	Implementation of council tax maximisation activities with partners	0.250	0.000	0.000	0.000
G2324FG007	Interest payable from Repton	-0.900	0.000	0.000	0.000
G2324FG008	One-off interest payable / receivable Treasury Management adjustment	-2.200	2.200	0.000	0.000
		<b>17.767</b>	<b>34.151</b>	<b>26.224</b>	<b>28.992</b>
	<b>SAVINGS</b>				
S2122FCS014	Benefits realisation from the HR & Finance System replacement project in Finance Exchequer Services - Benefits realisation work is still underway to quantify value of saving from the HR & Finance System replacement, but current forecast reflects savings of £0.4m in 2022-23 which will be delivered by a combination of reduction in posts and changes to licence costs. Expected full year effect of the project being implemented is currently estimated as a further £0.1m from 2023-24.	0.400	-0.150	-0.150	-0.200
S2223FCS018	Benefits realisation from the HR & Finance system replacement (MyOracle) project. Recognising efficiency and other savings to be achieved within Budgeting and Accounting service from 2023-24.	0.000	-0.030	-0.030	-0.040
S2324FCS022 [SR]	Strategic Review - Opportunities A - Finance	-0.450	-0.230	-0.180	0.000
S2223FIN005	One off release from Organisational Change Fund. Annual budget provision is made for organisational change and redundancy costs. An assessment of the amount required to be held against organisational need(s), experience of actual costs incurred, and the likely organisational and staffing impact of emerging saving proposals for 2022-23, indicate that it would be possible to release £0.750m from this budget on a one-off basis.	0.750	0.000	0.000	0.000
S2223FIN010	Additional saving from review of treasury management requirements. Latest borrowing undertaken, with review of borrowing needs and interest rates, will enable a further saving to be delivered from interest payable budgets.	-0.500	0.000	0.000	0.000
S2324FG011	Repton Property Developments Ltd dividend: Recognise an income budget from Repton Property Developments Ltd following successful commercial activity. Following the launch of the company and a period of development and growth, Repton is now expected to be in a position to deliver a dividend to the County Council of around £1m in 2023-24 and on an ongoing basis annually.	-1.000	0.000	0.000	0.000

Norfolk County Council Budget Book 2023-27 – Departmental Detail

S2324FG012	Review of budget assumptions: Additional dividend income expected from ESPO.	-0.180	0.000	0.000	0.000
S2324FG013	Review of budget assumptions: Additional Norse rebate income expected.	-0.450	0.000	0.000	0.000
S2324FG014	Review of budget assumptions: Review of pension pressures previously assumed in the budget which are no longer expected to be required.	-2.000	0.000	0.000	0.000
S2324FG015	Review of budget assumptions: Review of Treasury Management budgets to reflect higher interest rates achieved on investment and treasury management activity.	-0.500	0.000	0.000	0.000
S2324FG016	One-off application of Finance General reserves to support core budget	-1.000	1.000	0.000	0.000
S2324FG017 [SR]	Release pay provision held in Finance General following SR	-0.720	0.000	0.000	0.000
S2324FG018 [SR]	Strategic Review - Opportunities A - Finance	-0.050	-0.050	0.000	0.000
		<b>-5.700</b>	<b>0.540</b>	<b>-0.360</b>	<b>-0.240</b>
	<b>BASE ADJUSTMENTS</b>				
B2324FG001	New Homes Bonus Grant	1.205	0.628	0.000	0.000
B2324FG002	Change in Revenue Support Grant	-4.170	0.000	0.000	0.000
B2223FG006	Removal of 2022-23 "Services Grant" one-off (share of £1.5bn pa SR21 announcement)	10.687	0.000	0.000	0.000
B2324FG004	2023-24 Services Grant	-6.270	0.000	0.000	0.000
B2223FG002	Rebase Business Rates budget	-0.996	0.000	0.000	0.000
B2324FG005	CPI increase in Business Rates budget	-16.355	0.000	0.000	0.000
B2324FG006	One-off application of Business Rates Risk reserve to support 2023-24 revenue budget	-7.012	7.012	0.000	0.000
B2324FG007	Change in Rural Services Delivery Grant	-0.492	0.000	0.000	0.000
		<b>-23.403</b>	<b>7.640</b>	<b>0.000</b>	<b>0.000</b>
	<b>COST NEUTRAL ADJUSTMENTS</b>				
	S&T/FCS HR Admin Support Officer	-0.039	0.000	0.000	0.000
C2324FCS001	Depreciation transfer	0.164	0.000	0.000	0.000
C2324FCS002	Debt Management transfer	0.000	0.000	0.000	0.000
C2324FCS005	S&T/FCS - HR Transactions Team	-0.317	0.000	0.000	0.000
C2223FG001	CS/FG Extended Rights to Free Travel grant	0.050	0.000	0.000	0.000
C2324FG001	Depreciation transfer	-3.065	0.000	0.000	0.000
C2324FG002	Debt Management transfer	-0.005	0.000	0.000	0.000
C2324FG003	CES/FG - CFL062 Fire Emergency Vehicles Red Fleet	-0.112	0.000	0.000	0.000
C2324FG004	CES/FG - CFL064 Fire Breathing Apparatus	-0.014	0.000	0.000	0.000
	Virements	0.095	0.000	0.000	0.000
		<b>-3.243</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
	<b>NET BUDGET</b>	<b>-203.107</b>	<b>-160.776</b>	<b>-134.912</b>	<b>-106.160</b>

## MEDIUM TERM FINANCIAL STRATEGY 2023-2027

### 1. INTRODUCTION

- 1.1. The Medium Term Financial Strategy (MTFS) 2023-27 replaces the Medium Term Financial Strategy 2022-26. It outlines the different factors that contribute towards the financial context in which the County Council operates and the expected future impacts. It offers reassurance that our spending plans are sustainable and affordable over the medium term (the next four years).
- 1.2. There have been many developments globally during 2022 that continue to have a material impact on the ability to forecast the Council's future financial position. No longer dominated by Covid recovery, the medium term fiscal outlook for the country has significantly worsened since the beginning of the year.
- 1.3. We could not have predicted the war in Ukraine, changes of leadership of the national government, a steep rise in inflation, higher interest rates and a global energy crisis, which have all profoundly impacted the wider economy and increased demand for services, as households and communities struggle with the rising cost of living.
- 1.4. Locally, a County Deal for Norfolk has been negotiated, in principle, with the Government. Under the deal, Norfolk would receive a £20 million investment fund every year for 30 years. Public consultation will be undertaken in early 2023, and further details are outlined in the [local economy section below](#).
- 1.5. The Local Government Finance Settlement announced in December 2022 covered one year; 2023-24, with indications given in the preceding Policy Statement for a rollover settlement for 2024-25. The financial implications for Local Government for the latter two years of the MTFS (2025-27) in particular are largely unknown, and therefore remain subject to considerable change and uncertainty. Initial assessments show a particularly challenging financial landscape in 2025-26, as there is major uncertainty linked to Government's plans to reform local government funding and linked to the delivery of the levelling up agenda.
- 1.6. In the context of this uncertainty, the MTFS sets out the latest available information about national and local factors which are likely to impact upon budget planning decisions.
- 1.7. The MTFS forms a key part of the Council's financial management approach and supports the identification and management of the key risks to the Council's financial sustainability. As such it details funding changes and explains the strategy for how the Council intends to manage these, to make transformative change, and plan new initiatives, while continuing to meet its statutory responsibilities in the medium term.
- 1.8. As detailed more fully in the [Revenue Budget paper](#), the funding of social care remains a major issue for the County Council. Pressures are being experienced

in key areas within Adults and Children's Services, with increased spending on social care services due to a range of factors including; managing new and existing demand (due to a post pandemic backlog) market stability, staff recruitment and retention (both within care providers and the Council's own social care workers), pressures of hospital discharge requirements, increases in the cost of care packages exceeding inflation, additional complexity of cases, and court system delays.

1.9. As detailed later within the MTFs, recent inflationary increases have contributed to the announcement within the Autumn Budget 2022 to increase the National Living Wage by 9.7% to £10.42 (from £9.50), which will have a significant impact on our contracted and procured services.

1.10. As a result, the Council will need to develop early and robust responses, including significant further realistic and deliverable savings plans, during future budget planning rounds and the Medium Term Financial Strategy will need to remain flexible to adapt to changing circumstances.

## 2. NATIONAL FACTORS

### GOVERNMENT FUNDING

2.1. The Department for Levelling Up, Housing and Communities (DLUHC) announced the provisional Finance Settlement for Local Government on 19 December 2022, which covered 2023-24 and 2024-25.

2.2. In overall terms, the Provisional Settlement reflects an increase in Core Spending Power (CSP) for the County Council, as expected following the Autumn Statement and the Policy Statement. The increase in CSP is largely being delivered via increased funding for social care and a higher threshold for council tax increases, including the Adult Social Care precept. The percentage change in CSP excluding council tax assumptions is 6.7%. These CSP increases are accompanied by significant cost pressures including high inflation rates and the increase in the National Living Wage.

2.3. It has also been announced that **Fair Funding** will be delayed until 2025-26 at the earliest. It is disappointing as it had initially appeared that the direction of travel was generally favourable for upper tier shire authorities. The Council continues to engage with the government to ask that the Fair Funding Review be concluded to provide an adequate overall quantum of funding for local government within the system, update the relative needs formula, and fully recognise the costs associated with rurality and sparsity.

2.4. The overall level of uncertainty means that the financial environment for local government remains extremely challenging for the foreseeable future. Local authorities continue to face a growing gap between funding and service pressures, driven in part by demographic changes, burdens such as the 9.7% increase to the National Living Wage, central Government policy expectations, and the needs of vulnerable social care users becoming increasingly complex.

2.5. Children's services, in both social care and education, are also under very significant stress. This pressure has been impacted in the medium-term post pandemic, as a result of additional needs driven by the associated lockdowns and restrictions and the impact of court system delays.

2.6. Other services such as transport, planning, environment, and trading standards have been subject to significant funding restrictions which have also seen increasing pressure placed on discretionary and preventative services.

## GOVERNMENT POLICY AND ECONOMY FORECASTS

2.7. At the time of preparing this Strategy in January 2023, the last major fiscal event was when the Chancellor of the Exchequer, Jeremy Hunt, announced the Autumn Statement in November 2022<sup>8</sup>.

2.8. Alongside this, the Office for Budget Responsibility (OBR) have published an updated Economic and Fiscal Outlook (EFO)<sup>9</sup> in November 2022 to set out forecasts for the economy and Government plans. The OBR forecast indicated that with high inflation and rising interest rates weighing on demand, the UK economy was expected to enter a recession lasting just over a year from the third quarter of 2022. However more recent statistics indicate that the last quarter of 2022 could see small growth or be flat.<sup>10</sup>

2.9. The OBR reports inflation at a 40 year high, peaking at 11% (after allowing for a 2.5% benefit arising from the energy price guarantee) before falling sharply to potentially negative territory and then stabilising at the target rate of 2% by the end of 2027.

2.10. The level of commissioning undertaken by the Council sees a wide range of services being delivered by partners and through private sector contracts. Contractual obligations are often linked with the Consumer Price Index (CPI), meaning these rates will impact on the Council's budget setting activity and medium term planning.

2.11. Alongside the Autumn Statement, in November 2022, the Government published an update to its preferred measure of illustrative core spending power, which suggests that Local Government's overall core spending power (assuming authorities increase their Band D by the maximum allowed) will increase nationally by 9.2% in 2023-24 and 7.9% in 2024-25.

2.12. For Norfolk, a large proportion of the increase in core spending power (estimated by Government as 10.5% for the Council) is driven by assumed council tax increases. When the assumed level of council tax is excluded, Norfolk's spending power increases by 6.7%, which is below current levels of inflation. The remainder of the increase in CSP largely derives from additional funding for Social Care.

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<sup>8</sup> [Autumn Statement November 2022](#)

<sup>9</sup> [Economic and fiscal outlook – November 2022 \(obr.uk\)](#)

<sup>10</sup> <https://www.bbc.co.uk/news/business-64267126>

2.13. The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. At a meeting on 14 December 2022, the MPC voted to increase the Bank rate to 3.5%<sup>11</sup>.

2.14. The Government implemented a National Living Wage (NLW) from 2016-17, starting at £7.20. From April 2023, it will be increased by 9.7% to £10.42 (currently £9.50). The exact level at which the National Living Wage will be set in future years has not been confirmed. Although assumed cost pressures relating to the National Living Wage have been included in medium term forecasts, there is a risk these could change significantly in the future.

## EUROPEAN UNION WITHDRAWAL (BREXIT)

2.15. One of the challenges for economic growth is the ongoing impact of Brexit. On 17 November 2022, the OBR updated its forecast alongside the Autumn Statement, reflecting an assumption that Brexit will result in the UK's trade intensity being 15% lower in the long run than if the UK had remained in the European Union (EU). The latest evidence suggests that Brexit has had a significant adverse impact on UK trade, reducing both overall trade volumes and the number of trading relationships between UK and EU firms. Subsequent trade deals have had negligible positive effect and, in some cases, add further to the stresses businesses already face – especially farmers and other food producers.<sup>12</sup>

2.16. Brexit has also intensified a post-pandemic labour shortage, with the current immigration policy posing particular challenges to the care and agricultural sectors in the county. It is therefore doubly important that Norfolk is able to access post-Brexit government funding to address identified challenges, including supporting small and medium enterprises (SMEs).

## CORONAVIRUS PANDEMIC

2.17. The COVID-19 pandemic, and the public health measures taken in response to contain it, delivered one of the largest shocks to the UK economy and public finances in recent history. While the immediate impacts of the pandemic have begun to recede, there has been a legacy impact on the Council in respect of both higher costs, which have effectively become mainstreamed into the base budget (for example more expensive and different ways of delivering services to maintain health and safety standards), and higher levels of demand. In particular, many 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,

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<sup>11</sup> [Monetary Policy Summary for the Monetary Policy Committee meeting on 15 December 2022 | Bank of England](#)

<sup>12</sup> [Economic and Fiscal Outlook - November 2022 \(obr.uk\)](#)

workforce challenges in key sectors such as the care market, and planned national living wage increases. Nationally, no specific new funding to support ongoing COVID-19 cost pressures is being provided in 2023-24.

### 3. LOCAL FACTORS

- 3.1. In responding to these national pressures, Norfolk County Council is operating in the context of significant change in both the scope and scale of public services, while simultaneously absorbing the impact of historic sustained reductions in levels of funding. This pressure on resources has come at a time of increasing levels of demand, and complexity of needs, for many of the services the Council provides.
- 3.2. The County Council played a vital role in delivering the Norfolk response to COVID-19, and as we move firmly into the recovery phase the Council is now responding to the wider cost of living crisis while remaining focussed on meeting the twin challenges of increasing demand and limited central government funding, whilst minimising the impact on the front-line delivery of services, and delivering the updated strategy [\*Better Together, for Norfolk\*](#). The Medium Term Financial Strategy has been developed to support this work to ensure that the Council's gross budget of £1.8bn is spent to best effect for Norfolk people.
- 3.3. There are a number of local factors that impact upon services provided or commissioned by Norfolk County Council and therefore affect the budget, yet are (at least in part) outside of the Council's control. The most significant of these relate to demographics, the local economy, and ecological pressures.

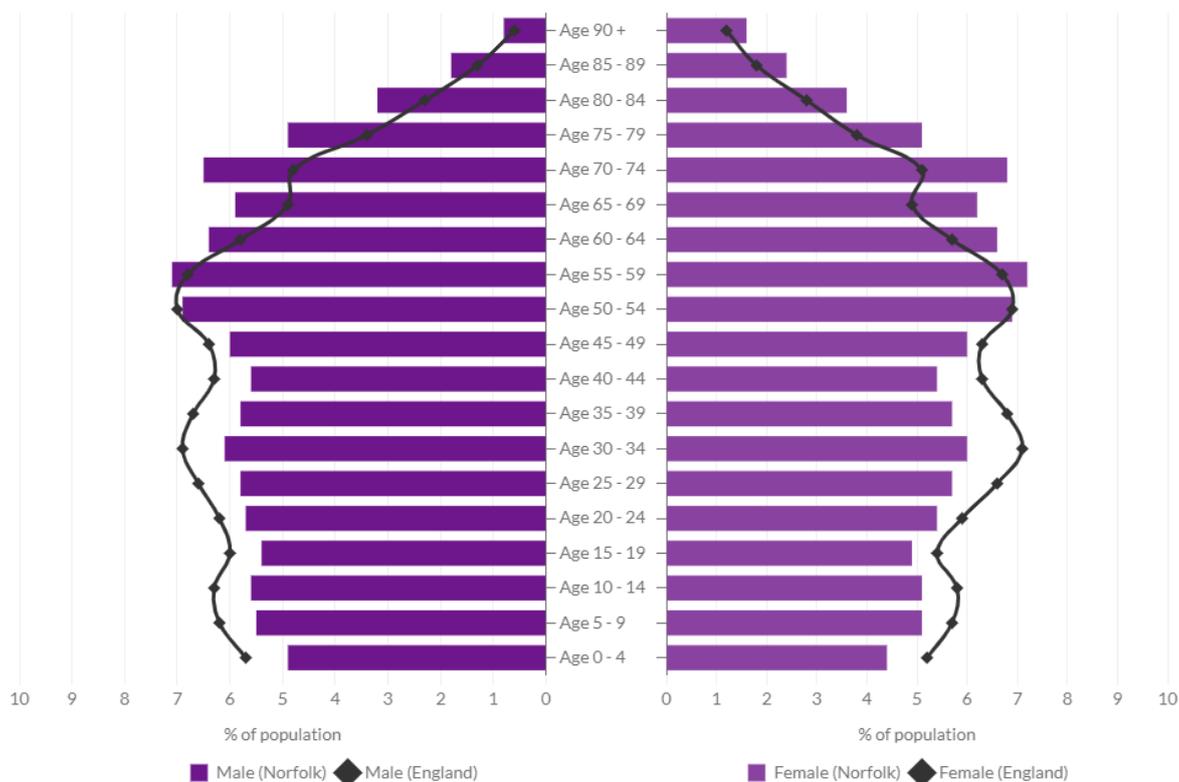
### DEMOGRAPHICS

- 3.4. Norfolk's population is an estimated 916,100 in the census 2021<sup>13</sup> – an increase of around 58,200 since the previous Census in 2011.
- 3.5. Since the previous Census, Norfolk's population has increased by 6.8%, compared with an increase of 6.6% for England.
- 3.6. In terms of broad age groups, Norfolk's population is made up of 15.3% of under 15-year-olds; 60.3% of 15 to 64-year-olds; and 24.4% of those aged 65 and over.
- 3.7. The Census 2021 data confirms that Norfolk's population has a much older age profile than England as a whole, with 24.4% of Norfolk's population aged 65 and over, compared with 18.4% for England. This is seen in more detail by looking at the five-year age groups.

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<sup>13</sup> ONS Census 2021

**MTFS Figure 1: % of population by 5-year age groups (Census 2021)**



3.8. The ONS 2018-based population projections are trend-based<sup>14</sup>, and on this basis, Norfolk’s overall population is projected to increase from 2018 to 2028 by around 60,600 people – this is an increase of 6.7% which is above the East of England projected increase of 5.0% and the England projected increase of 5.0%.

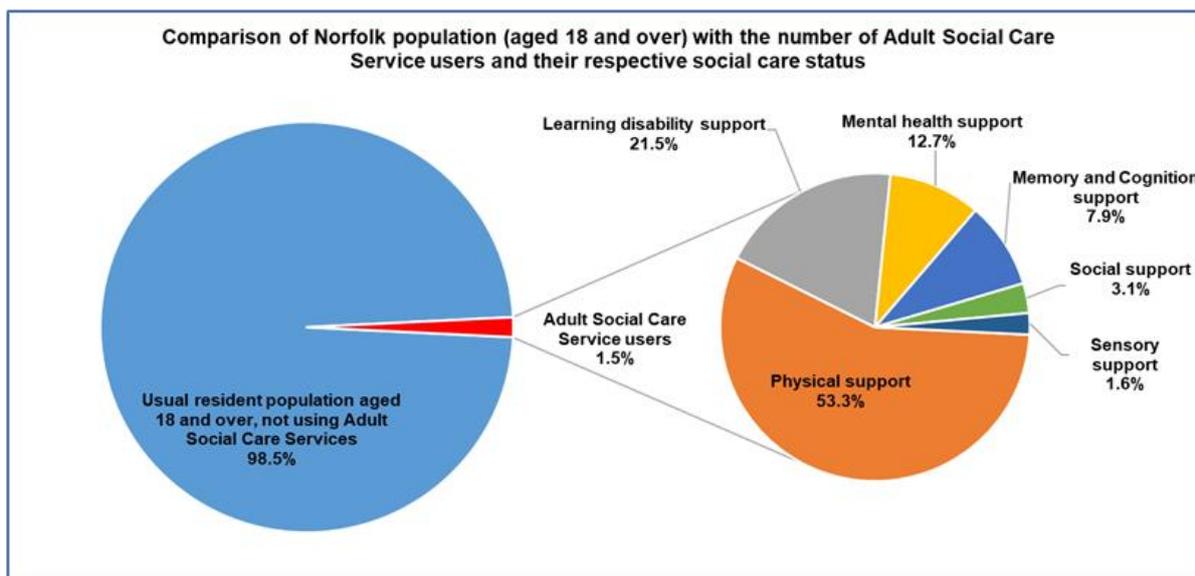
3.9. Norfolk’s oldest age groups are projected to grow the quickest over the ten years to 2028, with numbers of 75 to 84-year-olds projected to increase by around 37% and numbers of those aged 85 and over projected to increase by around 24%. This age group is the most likely to require social care, so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

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

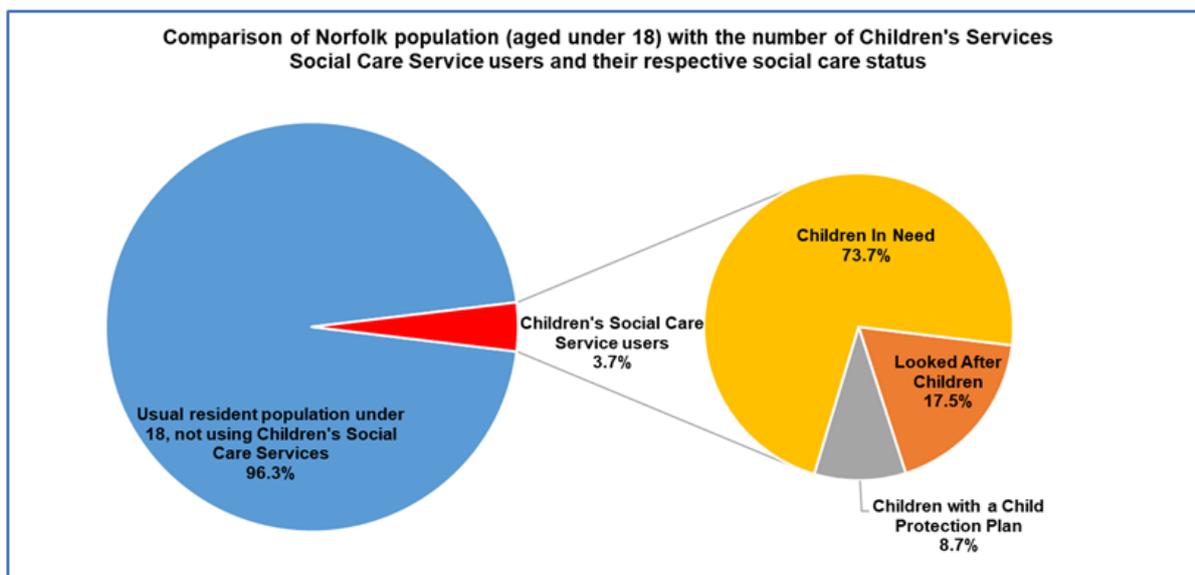
3.11. Further demographic information is provided below, relating to the proportions of adults (aged 18 and over) and children (aged under 18) in Norfolk’s population, compared with the proportions who are social care service users, along with their respective social care status.

<sup>14</sup> ONS 2018-based subnational population projections

### MTFS Chart 1: Adults demographic information



### MTFS Chart 2: Children’s demographic information



Population data from Census 2021; service data 2021-22.

## LOCAL ECONOMY

3.12. The Council’s work to drive economic growth is contextualised within the [Norfolk Investment Framework](#), which Cabinet endorsed in June 2022 and aligned to the [New Anglia Local Enterprise Partnership \(NALEP\)’s Economic Strategy for Norfolk and Suffolk](#), the Council’s business plan, and [Better Together for Norfolk](#). Based on detailed data and analysis, the Framework is a set of high-level investment priorities designed to tackle the high-level challenges Norfolk faces. By focussing our investments in a few key areas,

rather than spreading our efforts too thinly, we can maximise Norfolk's potential and be ready to target funding as it becomes available.

- 3.13. The Government replaced EU funding with the £2.6bn UK Shared Prosperity Fund<sup>15</sup> (SPF) and the £4.8bn Levelling Up Fund (capital). Including funding for a national adult numeracy programme ('Multiply'), Norfolk's SPF allocation for 2022-25 is £10.4m, an average of £1.49m per district for the three-year period. Three-year investment plans for the funding, submitted by Norfolk's district councils, were agreed by Government on 5 December 2022. The Government's flexible approach means that councils and local partners will have the opportunity to adapt each plan to reflect new economic priorities over the period to 2025.
- 3.14. Of the £4.8bn Levelling Up Fund, which supports town centre and high street regeneration, local transport projects, and cultural and heritage assets, £1.7bn was allocated in the first round, following a competitive bidding process. The second bidding round has closed, and it is not yet known whether any of Norfolk's bids have been successful.
- 3.15. The Rural England Prosperity Fund was announced in September – an additional fund to support the SPF's priorities on Supporting Local Business and Community and Place, with nearly £5.9m allocated across six Norfolk districts (all except Norwich) to 2025. As for the main SPF allocation, district council investment plans have yet to be agreed by government.
- 3.16. If a county deal is agreed for Norfolk in December 2023 (see next paragraph), SPF will form part of the multi-year funding managed by the County Council, in consultation with a wide range of partners, including district councils, from April 2025.
- 3.17. On 8 December 2022 agreement was secured from the Government to pursue a County Deal for Norfolk. Under the deal, Norfolk would receive a £20m investment fund, every year for 30 years. There would also be specific funding for integrated transport, brownfield development (£7m), adult education, and infrastructure (£5.9m for housing, regeneration and development, during this Spending Review period). The Deal would also see the County Council taking on the management of SPF for the county from April 2025.
- 3.18. Full Council and Cabinet considered the Deal in January 2023 following which a public consultation will be held in early 2023, and if the consultation is favourable, Full Council will be asked in December 2023 whether they support the move to an elected leader and cabinet system of governance.
- 3.19. Securing a funded medium-term plan to support the Council's aspirations to improve transport, accessibility and clean energy outcomes is considered of critical importance considering the Council's [Net Zero commitments](#) and the desire to support sustainable housing, jobs and economic growth. Investing in

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<sup>15</sup> <https://researchbriefings.files.parliament.uk/documents/CBP-8527/CBP-8527.pdf>

the development of an approved pipeline of projects to enhance external funding opportunities will create pathways to net-zero and decarbonisation.

3.20. Looking briefly at 2022-23 achievements – in addition to securing Government approval of our County Deal proposal, our programmes have continued to deliver strongly and to help businesses and people recover from the pandemic:

- The contract to build out the Operations & Maintenance (O&M) campus at Great Yarmouth was awarded, with construction set to start in January 2023. The campus is set to create 288,700 square foot of lettable space and up to 650 jobs, as well as drive investment in the renewable energy sector in the region. A video and 3D visualisation, to help promote the Campus to an international audience, was launched in November 2022 at Europe's leading offshore energy exhibition in Amsterdam.
- Our €6.7m C-Care project, responding to Covid, together with funding from Norfolk's district councils, enabled over 1,000 businesses to do more business online. The project offers bespoke advice and support for small to medium sized businesses, including access to £500 in funding to increase their digital capabilities.
- Our Employer Training Incentive Programme (ETIP), supporting businesses to train staff, allocating over £0.303m – which with match funding from employers equated to £0.444m of funds spent on training, of which over 80% was spent with locally based training providers, delivering 1,689 interventions funded, and 344 businesses supported. The programme also won the FSB East of England Local Government Award for Support to Small Businesses in the Covid Response category.
- We have almost completed delivery of our successful LEADER programme, which supports farms to diversify into new markets: The programme has contracted with beneficiaries to create 278.82 FTE jobs in Norfolk's rural economy.
- We are delivering the £2.6m Delivering Rural Investment for Vital Employment (DRIVE) programme, which supports rural businesses, has funded 46 projects and 64 jobs are contracted to be created, to date.
- To support green growth, the Low Carbon Innovation Fund 2 made 16 investments in 17 businesses in the wider region, valued at c.£5m. These levered £35m of private investment. In addition, the programme has reported a decrease of 636,587 tonnes of greenhouse gas.

3.21. The €315m INTERREG France (Channel) England programme which we manage, will continue through to fruition, closing formally in 2025. The Programme remains subject to EU regulations in accordance with the legal framework in place pre-Brexit. EU programme funding ends 31<sup>st</sup> December 2023, as such we are working closely with both the French and UK Government

representatives to ensure adequate funding is available from 1 January 2024 until the end of the programme to deliver to all EU regulations.

## ADULT SOCIAL CARE: CARE MARKET WORKFORCE

3.22. The high level Skills for Care data for 2021-22 for Norfolk estimated that there were 28,000 filled posts in adult social care with a vacancy rate of 8.5% (estimated 2,400 vacancies). The turnover rate of staff working in the adult social care sector in Norfolk was 34.8% over a year. For staff delivering care directly, the % was higher still at 41.2%. Both figures were higher than the England average. Turnover was especially high for nursing home staff (50.9% all roles/57.4% direct care roles/51% registered nurses) and residential care home staff (38.6% all roles/44.2% direct care). The turnover percentages for community based services were lower, yet still concerning, at 35.4% (all roles)/39.2% (direct care roles). The following areas of Norfolk had the most acute turnover percentages: NN1-Fakenham, Holt and Sheringham; Fens & Brecks-Villages around Downham; Gorleston; Aylsham; Swaffham and Downham; and Mid Norfolk-Dereham. Other areas, namely Norwich and Great Yarmouth & Northern Villages, had comparatively low staff turnover percentages. 39% of Norfolk staff had been in their roles for less than three years, reflecting a difficulty retaining new staff. However, many of those that left their roles remained within the sector, as on average 64% of recruitment was from within adult social care and 10 years working in the sector was the county average. Despite this, staff leaving one employer and starting with another was likely to have caused disruption to both, including to continuity and quality of care delivery. Demographically, 29% of the Norfolk workforce was aged 55 and above with only 8% aged under 25, which is likely to cause further workforce issues in future if recruitment and retention issues are not addressed. Average pay for direct care staff was marginally (66p per hour) above the National Living Wage at £9.57 in 2021/22, meaning that jobs outside of social care were likely to be an appealing alternative. 39% of the workforce directly delivering care in Norfolk had a qualification relevant to social care which was the same as the England average.

3.23. Development Skills in Health and Social Care Programme, a £7.580m European Social Fund match funded project delivered by Norfolk and Suffolk County Councils, is being implemented, with a focus on training and enhancing the competencies of the health and social care workforce. The project is aiming to upskill the workforce and to ensure a better quality of care, whilst also contributing through a dedicated mentoring service to increased retention of care staff, which continues to remain a key to achieve a stable care market.

## ENVIRONMENT

3.24. Norfolk County Council is fully behind the UK-wide effort to tackle climate change and reach net zero greenhouse gas emissions by 2050. The Council has set its own commitments, set out in its [Environment Policy](#), to lead by example through making its own estate net zero by 2030 and working in partnership to support the county-wide transition towards a low carbon future.

- 3.25. The council's estate target focuses on its buildings and streetlights. Significant progress has been made to date, with these emissions having been cut by nearly half (48%) between 2016-17 and 2021-22. However, there is still some way to go, and a number of initiatives are under way to maintain this momentum.
- 3.26. Streetlighting is the single largest source of estate emissions at present. To address this, NCC is converting its streetlights to LED technology, which improve the lamp energy efficiency by 60-70%. By the end of this financial year (2022-23) two-thirds of the streetlighting stock will be LED, and work has also started towards securing an agreement with PFI partners to convert the remaining lamps. It is forecast that completing these conversions, together with the reducing carbon intensity of grid electricity supply, will bring a 57% drop in streetlighting emissions by 2026-27 and a 79% drop by 2030-31.
- 3.27. Achieving a net zero estate will also require raising the energy performance of our buildings and transitioning away from gas and oil heating systems towards low carbon alternative such as air-source heat pumps. Steps are under way here, with technical assessments of NCC buildings nearing completion which will provide a clear picture of the potential to retrofit each building. These insights will be costed so that the Council can make a fully informed decision as to how best to move forward with these works and what resource it will require. In addition to the existing resource already committed to meet climate related delivery of our environmental policy, the 2023-24 proposals include committing further revenue budget of £0.150m in both 2023-24 and 2024-25.
- 3.28. Significantly, Norfolk County Council is also developing an overarching Climate Strategy which, alongside our estate emissions, will outline its approach to addressing the following:
- Scope 3 emissions, such as those from the council's supply chain, leased assets, wholly-owned companies, staff commuting and business travel
  - County-wide emissions, particularly under the themes of: transport, energy, waste, buildings and planning, digital connectivity, and the industrial and commercial sectors
  - Promoting a green economy
  - Climate adaptation
  - Nature recovery
  - Engagement and collaboration
- 3.29. In setting out how carbon reduction is being embedded as business as usual across the Council's activities, the strategy will clarify a set of priorities for the medium term. This is due to be delivered to Cabinet in Spring 2023.

## WASTE

- 3.30. The County Council is responsible for dealing with the left over rubbish (residual waste) collected by all local authorities in Norfolk and for the provision

of recycling centres and payments to the District, City and Borough Councils for the recycling they collect.

- 3.31. Increases in household numbers and the effects of economic growth mean that the amount of left over rubbish and recycling collected are expected to increase significantly, and the associated increase on costs of the expected increases are compounded by the effects of indexation. To help mitigate these effects, the aim of the waste service is to reduce the amount of waste, increase reuse and recycling, and reduce unit costs. These objectives require measures to be put in place by all councils in Norfolk and they are actively working on this together as the Norfolk Waste Partnership.
- 3.32. The combined effect of long term trends for household numbers in Norfolk, as well as effects of the general economy, changing working routines, consumer confidence and behaviours and weather patterns remain uncertain. These variables, as well as things such as service changes by other councils in Norfolk or changes in legislation, can all have a major effect on the cost of the County Council's waste services, meaning that the suitable approach to managing budgets for this service area is to make justifiable and evidence based allowances in medium and longer term plans that are continually subject to review.
- 3.33. In relation to potential changes in legislation, developments on national waste policy are expected which could directly affect the County Council's cost in the short, medium and long term. The expected introduction of an Extended Producer Responsibility scheme for packaging in 2024 would mean that those, including all councils, that deal with packaging as waste or recycling would have the costs of that met directly by producers. Other changes linked to this development could be the amending or ending of current requirements around the payment of recycling credits to the District, City and Borough councils.
- 3.34. In the longer term, between 2025 and 2030, there is a prospect of incineration being included in a national emissions trading scheme, which could add a significant and unknown extra cost to each tonne of waste that is incinerated. And in relation to recycling centres there remains uncertainty about the long term financial implications of Defra's requirements, as whilst it consulted on proposals on charging for DIY waste in 2022, and gave wider consideration to the consistency of council services in earlier consultations, there have been no subsequent changes to legislation.

## FLOODING

- 3.35. Norfolk is identified in the Norfolk Local Flood Risk Management Strategy<sup>16</sup> as the area 10<sup>th</sup> most at risk of local flooding in England. The county has approximately 34,000 properties at flood risk from local sources during a rainfall event with a 1 in 100 annual chance of occurring. These local sources include flooding from surface runoff, groundwater and from over 7,500 km of watercourses within Norfolk. The County Council's two core aims as Lead Local

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<sup>16</sup> [Norfolk Local Flood Risk Management Strategy](#)

Flood Authority are to reduce the existing local flood risk for communities and to prevent new development from increasing flood risk. Whilst not directly the authority's responsibility, the county also has nearly 100 miles of coastline and is vulnerable to tidal inundation and surges.

- 3.36. In the event of a major flooding incident, it is likely that the Council would have recourse to the Bellwin scheme of emergency financial assistance to Local Authorities<sup>17</sup>. This would enable the Council to be reimbursed for 100% of eligible expenditure above a threshold set by the government. The most recently published threshold for Norfolk was £1.164m in 2017-18 (i.e. this is the maximum liability for the County Council in the event of a major incident eligible for support under the Bellwin rules). However, the annual threshold is 0.2% of the net revenue budget for the year. If the scheme is activated more than once during the year, the threshold is compared with the cumulative expenditure.
- 3.37. Following the flooding events which affected large parts of Norfolk in late December 2020 and January 2021, the Council set up the Norfolk Strategic Flood Alliance (NSFA) with a remit to ensure that the residents of Norfolk have confidence that inland and coastal flood risks are as low as reasonably practicable. Additionally, Cabinet approved changes to the Local Flood Risk Management Strategy and agreed<sup>18</sup> to extra funding to assist with the immediate response, clear up operation and repairs to the existing drainage systems damaged or broken by the floodwater. The required works needed were and continue to be extensive. Flood investigations<sup>19</sup> into the 350+ properties that suffered internal flooding were completed and Flood Investigation Reports published during 2021-22. These reports identified areas where improvements should be made to reduce the future risk of surface water flooding. 28 priority sites were agreed by the NSFA where multi agency efforts are needed to develop and deliver solutions to flood risk.

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<sup>17</sup> Bellwin Scheme thresholds published October 2017

<https://www.gov.uk/government/publications/bellwin-scheme-guidance-notes-for-claims/bellwin-scheme-of-emergency-financial-assistance-to-local-authorities-guidance-notes-for-claims>

<sup>18</sup> [Local Flood Risk Management Strategy Review, Agenda Item 11, Cabinet, 12 January 2021](#)

<sup>19</sup> [Flood investigations - Norfolk County Council](#)

## 4. ORGANISATIONAL FACTORS

### ORGANISATIONAL STRUCTURE AND GOVERNANCE CHANGES

- 4.1. The County Council is under Conservative control and moved to an Executive Leader and Cabinet governance structure in May 2019. The senior management and organisation structure is currently being examined as part of the Council's Strategic Review, as discussed elsewhere within the Budget reports. At the time of writing, the outcomes of the Review are not fully known, but the departures have been confirmed of the Director of Governance in January 2023 and the Executive Director of Finance and Commercial Services in April 2023. As a result, the service areas in these departments will move within the overall organisational structure. The transfer of the Governance department into Strategy and Transformation is reflected in the MTFS. Further changes have been shown as far as possible within the 2023-24 Budget Book as described elsewhere.
- 4.2. The annual pay award and National Living Wage increases in 2022-23 for both the Council's directly employed staff and contracted services are an important cost driver. The 2022-23 pay award was confirmed in November 2022 as a flat rate of £1,925 and an additional day annual leave per full time employee. Nationally, negotiations for the 2023-24 pay award are underway, although agreement has not been reached and there is likely to be significant upward pressure on pay given wider inflation rates. The Budget makes contingency provision for a pay award of circa 5% for all staff in 2023-24, 4% for 2024-25 and 3% per year in the final two years of the MTFS. The 2023-24 pay award remains subject to confirmation at this point.
- 4.3. The Council's treasury management objectives remain safeguarding the timely repayment of principle and interest, whilst ensuring liquidity for cash flow and the generation of investment yield. The Council works closely with its external treasury advisors to determine the criteria for high quality institutions, including high quality banks and financial institutions, and local authorities. The Council applies a minimum, acceptable credit-rating criteria to generate a pool of highly creditworthy UK and non-UK counterparties which provides diversification and avoids concentration risk. These are detailed further in the Annual Investment and Treasury Strategy 2023-24.
- 4.4. The Council makes non-treasury investments for policy purposes, for example capital loans to subsidiaries and other companies. These are addressed further in the Annual Investment and Treasury Strategy 2023-24.

### THE NORFOLK AND WAVENEY INTEGRATED CARE SYSTEM (ICS) – FORMALLY THE NORFOLK AND WAVENEY HEALTH AND CARE PARTNERSHIP

- 4.5. Integrated care systems (ICSs) are partnerships that bring together providers and commissioners of NHS services across a geographical area with local authorities and other local partners to collectively plan health and care services to meet the needs of their population. The central aim of ICSs is to integrate care across different organisations and settings, joining up hospital and

community-based services, physical and mental health, and health and social care. All parts of England are now covered by one of 42 Integrated Care Systems.

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

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

4.7. The Norfolk and Waveney ICS brings together a range of partners, including:

- Norfolk and Waveney NHS (previously the CCG)
- 3 acute hospitals (Queen Elizabeth, James Paget and the Norfolk & Norwich)
- 2 community healthcare providers (East Coast Community Healthcare and NCH&C)
- Norfolk County Council
- Suffolk County Council
- 8 District Councils; Breckland, Broadland, Norwich City, South Norfolk, Kings Lynn & West Norfolk, Great Yarmouth, North Norfolk and East Suffolk District Councils
- Voluntary, Community and Social Enterprise (VSCE) providers of care and health related service
- 17 Primary Care Networks

4.8. The ICS promotes the principle of subsidiarity, making decisions close to the communities they effect. Work takes place at a system level as well as a place level and neighbourhood level (Primary Care Network footprints).

4.9. There are 5 Place Boards in the ICS bringing together colleagues from across health and social care to integrate services, focussing on effective operational delivery and improving people's care.

4.10. Eight Health and Wellbeing Partnerships based in district council footprints bring together district and council colleagues, health services and

wider VCSE organisations and partners that have an impact on people's health and wellbeing, to progress work on tackling the wider determinants of health.

4.11. Provider collaboratives bring together NHS providers to reduce unwarranted variation and inequality in health outcomes, access to services and experience; improve resilience and ensure specialisation and consolidation occur where this provides better outcomes and value. All local providers are working towards these expectations with the overarching aim of enabling the best health outcomes for the population of Norfolk and Waveney.

4.12. An ICS has two named bodies, an **Integrated Care Board (ICB)** and an **Integrated Care Partnership (ICP)**:

1. **Integrated Care Board (ICB)** is a statutory body that is responsible for planning and funding most NHS services in Norfolk and Waveney, leading integration within and across the NHS to deliver healthcare. The role of the ICB is to allocate the NHS budget and commission services for the population, taking over the functions previously held by clinical commissioning groups (CCGs) and some of the direct commissioning functions of NHS England. The ICB is directly accountable to NHS England for NHS spend and performance within the system.

2. **Integrated Care Partnership (ICP)** provides leadership to the wider health and social care system, bringing together health and social care providers, local government, the voluntary, community and social enterprise (VCSE) sector, and other partners. It drives and enhances integrated approaches to address challenges that the health and care system cannot address alone. This includes prioritising prevention, reducing health inequalities, and addressing the wider social and economic factors affecting our communities. The ICP, which is a statutory committee of the ICS, is responsible for setting an integrated care strategy for improving the health care, social care and public health across the whole of the Norfolk and Waveney ICS population. The ICB is required to have regard to this strategy when making its decisions.

4.13. **The ICB is responsible for:**

- Setting the NHS Joint Five Year Forward Plan
- Delivering the health elements of the Integrated Care Strategy.
- Holding the executive to account for monitoring the performance of the body against core financial and operational objectives, and providing effective financial stewardship.
- Promoting effective dialogue between the ICB and other partners, including NHS England and Improvement, the ICP, providers, councils, representatives of local communities and people who use services.
- Putting in place effective arrangements for place-based working with partners. Ensuring that the ICB develops arrangements for effective clinical and care professional leadership.

- Creating an organisational culture that encourages and enables system working, building partnerships with people and communities and utilising feedback to improve services.
- Ensuring legal duties are discharged effectively and foster the development of policies, processes and initiatives that promote equality and address health inequalities.
- Ensuring workforce strategies are built on the commitments in the NHS People Plan and People Promise.
- Developing a compassionate and inclusive leadership model.
- Aligning the ICB assets to contribute to population health improvement as anchor institutions.

4.14. **The ICP is responsible for:**

- Leading the Integrated Care Strategy, reflecting the priorities of all partners, to improve health and care outcomes for Norfolk and Waveney people for which all partners will be accountable.
- Driving improvement in the care, health and wellbeing of all residents from babies and young people, working age adults and older people.
- Playing a critical role in supporting place-based partnerships and coalitions with community partners to help people live more independent, healthier lives for longer.
- Improving the wider determinants that drive inequalities including employment, housing, education, environment and reducing offending.

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

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

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

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

and accountability for its budgets and would retain its ability to adjust resource across the county to meet need.

#### CONSULTATION WITH CITIZENS AND EQUALITY AND IMPACT ASSESSMENTS

- 4.18. The Council has undertaken **public consultation** and produced **equality impact assessments** in relation to the 2023-24 Budget and MTFS proposals. Detailed information about the findings of these are included in the [Revenue Budget paper Appendix 1 and in Appendix 5 and Appendix 6](#).

#### RESOURCE PLANS, FUNDING, SERVICE PRESSURES AND SAVINGS

- 4.19. The plans and assumptions in the Council's Budget and Medium Term Financial Strategy have been reviewed as part of the preparation of the 2023-24 Budget to ensure that they are robust and deliverable. The Executive Director of Finance and Commercial Services' recommendation of a 4.99% council tax increase was made on the basis that this will enable a more robust budget for 2023-24 and for future years, however the outlook for 2025-27 remains extremely challenging.
- 4.20. Experience of the implementation of savings plans demonstrates that in some cases the cost, complexity and time required to deliver transformational change is likely to be greater than that originally allowed. As a result, the removal or delay of a number of previously agreed savings has been proposed over the life of the MTFS. Where it has not, this reflects expectations that non-delivery is due to delays in implementing savings and the realisation of these planned savings on a sustainable ongoing basis will be fundamental to the delivery of the 2023-24 Budget.
- 4.21. As set out elsewhere, the Provisional Settlement has provided clarity about funding levels for 2023-24, with indications about 2024-25 for local authorities. However, there remains very considerable uncertainty around the final two years of the Medium Term Financial Strategy (2025-27).

#### GENERAL AND EARMARKED RESERVES AND PROVISIONS

- 4.22. General reserves are an essential part of good financial management and are held to ensure that the Council can meet unforeseen expenditure and respond to risks and opportunities. The amount of reserves held has been set at a level consistent with the Council's risk profile and with the aim that council taxpayers' contributions are not unnecessarily held in provisions or reserves. The Medium Term Financial Strategy assumes an increase in the level of general balances in 2023-24 rising to £29.090m by 2026-27 to reflect the increased level of risk around budget assumptions, such as pay awards, where the longer forecasting horizon increases the level of uncertainty, the increased levels of risk relating to council tax base assumptions and uncertainty about government funding allocations.
- 4.23. Earmarked Reserves support the Council's planning for future spending commitments. Historically, the planned use of Earmarked Reserves has allowed the Council to smooth the impact of funding reductions and provided

additional time for the implementation of savings plans. As part of the year-end closure of accounts, a detailed review of the reserves and provisions held by the Council is undertaken. The Medium Term Financial Strategy assumes an overall decrease in the level of Earmarked Reserves in each year of the MTFs until March 2026, then only rising slightly by March 2027. Further details of the anticipated use of Earmarked Reserves are included in the [Statement on the Adequacy of Provisions and Reserves 2023-27](#).

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

## 5. LOCAL GOVERNMENT FUNDING

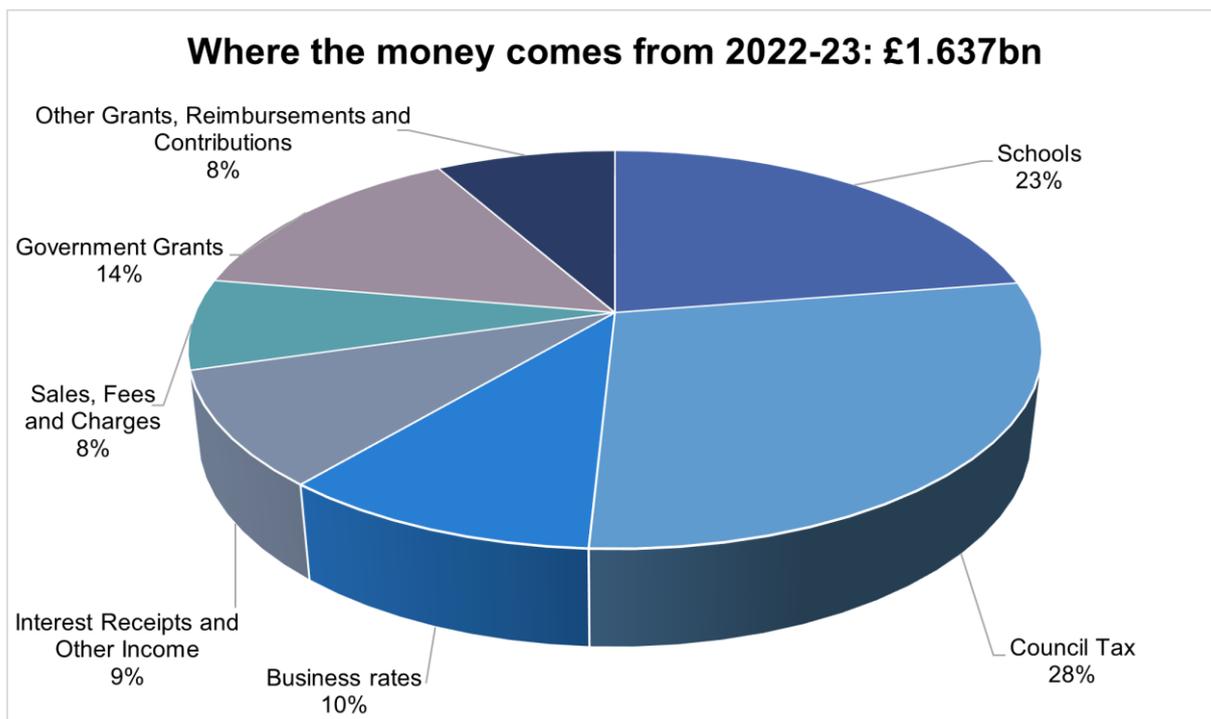
5.1. Local Government funding has three major components:

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

5.2. Councils also generate income through sales, fees and charges. The breakdown of this **budgeted funding** in 2022-23 is shown in the pie chart below.

5.3. In recent years, the government has provided a larger proportion of funding through one-off specific grants, which makes it increasingly difficult to plan services for the long term.

### MTFS Chart 3: Council funding sources 2022-23



#### BUSINESS RATES (10%)

- 5.4. Since April 2013, councils have no longer received Formula Grant, but instead received funding from a mix of locally retained business rates and government grants that are allocated from centrally retained business rates.
- 5.5. The introduction of the business rates retention scheme resulted in a direct link between local business rates growth and the amount of money councils have to spend on local people and local services. The scheme provides incentives for local authorities to increase economic growth, through retention of a share of the revenue generated from locally collected business rates. This does not alter the way that business rates are set, and they continue to be determined nationally by central government.
- 5.6. Local authorities benefit from 50% of business rates growth (or indeed suffer the consequences of business rates decline) in their area. The scheme is complex, involving a system of tariffs, top-ups and levies, however, at its simplest, for every £100 change in rates in Norfolk, £50 would go to central government, £40 to the district councils and £10 to Norfolk County Council.
- 5.7. Baselines are fixed in-between reset periods and only adjusted for inflationary increases to allow local authorities to retain generated growth for a period of time. Upper tier authorities are restricted in gains but also protected from reductions somewhat, as a large proportion of income is received through index linked top-ups.
- 5.8. Challenges within the current Business Rates scheme include the level of financial risk that councils face due to appeals and business rate avoidance,

with little scope for these risks to be managed under the current arrangements. Some councils are of the view that the risks outweigh the rewards available to councils through incentives to grow the local economy. Risks to business rates income are considered to be higher due to the impact of COVID-19 and the level of uncertainty around continued Government support for businesses.

5.9. Since the introduction of the Business Rates Retention Scheme in 2013-14, Norfolk has not seen any significant growth or decline in the amount of business rates collected. This is a significant concern for Norfolk for future years, when considering the increasing levels of demand, any move towards Business Rates localisation and the potential changes to Revenue Support Grant. Most significantly, local authorities have relatively limited ability to influence some of the major factors which can impact on the level of business rates collected, including for example the impact of Covid-19 on business rates income.

5.10. Within the provisional settlement, it was confirmed that local government will be fully compensated for the Government's decision to "freeze" the business rates multiplier, which will remain at 49.9p in 2023-24. Given that the Consumer Price Index (CPI) was 10.1% (September 2022), the cost of providing full compensation is considerable (about £1.5bn) and was not certain when the Autumn Statement 22 was announced.

5.11. All local authorities in Norfolk have agreed to continue the 2022-23 Norfolk Business Rates Pool in 2023-24. The Pool allows Norfolk to retain additional business rates funding in the county through retaining levy payments which otherwise would have been paid over to central government.

5.12. In respect of the 2023-24 budget, updated District Council forecasts are being collated and the level of income the Council will receive is not yet confirmed.

#### CHANGES TO THE BUSINESS RATES RETENTION SCHEME

5.13. The Government has confirmed that potentially significant funding reforms, including reforms to the Business Rates system and Business Rates reset, have been delayed until at least the 2025-26 financial year.

5.14. A key issue for the County Council will be to ensure that reforms going forward include a review of funding needs which accurately captures the pressures faced by Norfolk, particularly in respect of social care, demographic issues, and the specific local pressures arising from sparsity, rurality and social mobility.

#### REVENUE SUPPORT GRANT (RSG) (3%)

5.15. The amount of funding the Council receives is published as the Settlement Funding Assessment. In comparison to other councils, Norfolk remains somewhat reliant on Revenue Support Grant (RSG) and therefore cuts to this funding stream would have a significant impact on the budget. Following

the Provisional Local Government Finance Settlement, the Council's budget planning assumes that RSG is uplifted by CPI in 2023-24.

5.16. Details are shown within the revenue budget report regarding the Settlement Funding Assessment 2023-24 funding allocations. There is currently limited information about Settlement Funding for 2024-25 and beyond and the MTFS gap assumes this will be unchanged from the assumed 2023-24 allocations.

#### SPECIFIC GOVERNMENT GRANTS (14%) AND SCHOOLS FUNDING (23%)

5.17. The table below summarises the amount of specific grants due to be received in 2022-23, along with provisional figures for 2023-24. In most cases the allocations for the years beyond 2023-24 have not yet been confirmed by the Government and there is therefore limited information available about amounts beyond next year. Ring-fenced funding below includes funding to schools, over which the County Council has no control.

**MTFS Table 1: Grants and Council Tax**

Grants and Council Tax	2022-23 (Restated comparative) £m	2023-24 Provisional £m
Un-ringfenced	297.696	351.423
Ring-fenced (schools)	729.191	787.655
Ring-fenced (Public Health)	42.261	43.318
Council tax	464.123	493.707
Local Business Rates	27.122	27.884

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

#### RING-FENCED GRANTS

5.19. **Public Health** – Public Health grant continues to be ring-fenced grant for public health services. The Government has confirmed grant allocations for 2023-24 as £43.640 (£42.261m 2022-23)<sup>20</sup>. Public Health covers a wide range of services that may be provided directly to communities or to other organisations that deliver services supporting the health and wellbeing of our population.

5.20. **Dedicated Schools Grant (DSG)** – Schools funding is provided through the Dedicated Schools Grant (DSG) and other grants. The DSG is allocated to local authorities who then delegate the funding to schools in accordance with

<sup>20</sup> <https://www.gov.uk/government/publications/public-health-grants-to-local-authorities-2023-to-2024/public-health-ring-fenced-grant-2023-to-2024-local-authority-circular#annex-b--public-health-allocations-to-unitary-and-upper-tier-local-authorities-in-england-for-2023-to-2024> At the time the budget was agreed, the Public Health grant had not been confirmed, so the 2023-24 figures quoted here do not appear within the tables elsewhere in the MTFS.

the agreed formula allocation. Grants are allocated by local authorities to schools as per the Department of Education (DfE) conditions of grants, which vary depending upon the purpose and aims of the funding. The Local Authority has received its DSG allocation based on the new national funding formula. Pupil premium will continue as a separate, ring-fenced grant.

5.21. It is the local authority's decision how the Schools Block is distributed as, at present, there is no requirement upon local authorities to allocate the block as per the national funding formula unit values. However, central government policy has indicated in the past that there will be a move towards a 'hard' formula in future and, therefore, the implications of this have needed to be considered by local authorities when determining their local formula. Government policy has now been updated so that 2023-24 is the first year of transition to the direct schools National Funding Formula (NFF). In 2023-24, local authorities will only be allowed to use NFF factors in their local formulae, and must use all NFF factors, except any locally determined premises factors. Local authorities will also be required to move their local formulae factors 10% closer to NFF values unless they are already mirroring NFF. Norfolk's formula has been closely aligned to NFF factor values and methodologies since 2019-20. The options for the local formula for Norfolk were co-produced with Norfolk Schools Forum and all schools were consulted on the options available.

5.22. The Government has announced<sup>21</sup> DSG for 2023-24 totalling £787.655m (2022-23 totalling £729.191m<sup>22</sup>).

5.23. Norfolk is currently carrying an outstanding Dedicated Schools Grant (DSG) deficit from previous financial years, with a forecast £73.613m cumulative deficit forecast for the end of 2022-23. On the basis of the accounting treatment introduced in 2020 by the Government:

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

5.24. High Needs Block (HNB) funding is intended to provide the most appropriate support package for children and young people (from early years up to age 25) with special educational needs and disabilities in state special schools, independent schools, and Alternative Provision (AP), taking account of parental and student choice.

5.25. Norfolk has worked intensively during Summer 2022 with the DfE and their appointed financial and Special Educational Needs and Disabilities Advisors as part of the Safety Valve programme, the DfE mechanism to work with LAs who have the highest levels of High Needs Block (DSG) pressure/overspend, to develop a DSG Management plan and to negotiate

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<sup>21</sup> [Norfolk \(skillsfunding.service.gov.uk\)](https://www.skillsfunding.service.gov.uk)

<sup>22</sup> Total DSG allocation including; Schools, central school services, early years and high needs block.

potential DfE investment. The core aim for DfE and NCC alike is to achieve an in-year balanced budget to enable the cumulative deficit to be addressed. Through these discussions with the DfE, a plan has been prepared to bring the in-year deficit into surplus and to reduce the cumulative deficit over six years.

- 5.26. As part of this plan, the Council submitted a disapplication request in respect of the Dedicated Schools Grant (DSG) for 2022-23 for 1% transfer in addition to the 0.5% transfer from the Schools Block (SB) to the High Needs Block (HNB) agreed by Schools Forum on 16 November 2022. The Council is awaiting notification from the Secretary of State as to whether the request has been accepted or declined, alongside whether the Minister has approved Norfolk's Safety Valve programme.
- 5.27. Further details of the HNB impact on the overall Dedicated Schools Grant position are set out in the Revenue Budget report (Appendix 1) and in the Dedicated Schools Grant Budget report elsewhere on the agenda.
- 5.28. **Pupil Premium Grant (PPG)**<sup>23</sup> – 2023-24 allocations will increase by 5% above the 2022-23 rates and for disadvantaged pupils will be as follows: primary allocated £1,455, which is aimed to help primary schools raise attainment and ensure that every child is ready for the move to secondary school. £1,035 was allocated for disadvantaged secondary pupils. Disadvantaged pupils are those who have been registered for free school meals at any point in the last six years.
- 5.29. The pupil premium plus (for children looked after) is £2,530 per pupil. The eligibility for this includes those who have been looked after for one day or more, and (from 2015-16) children who have been adopted from care or have left care under a special guardianship or child arrangement order. Schools receive £2,530 for each eligible pupil adopted from care who has been registered on the school census and the additional funding will enable schools to offer pastoral care as well as raising pupil attainment.
- 5.30. Children with parents in the armed forces continued to be supported through the service child premium, which will be £350 per pupil.

#### UN-RING-FENCED GRANTS

- 5.31. **NHS funding (Better Care Fund)**<sup>24</sup> – Since 2015, the Government's aims around integrating health, social care and housing, through the Better Care Fund (BCF), have played a key role in the journey towards person-centred integrated care. This is because these aims have provided a context in which the NHS and local authorities work together, as equal partners, with shared objectives. The plans produced are owned by Health and Wellbeing Boards, representing a single, local plan for the integration of health and social care in all parts of the country.
- 5.32. The national conditions are:

<sup>23</sup> [Pupil premium: conditions of grant 2022 to 2023 - GOV.UK \(www.gov.uk\) published December 2022](https://www.gov.uk/government/policies/pupil-premium)

<sup>24</sup> [2022 to 2023 Better Care Fund policy framework - GOV.UK \(www.gov.uk\) updated November 2022](https://www.gov.uk/government/policies/better-care-fund)

- A jointly agreed plan between local health and social care commissioners, signed off by the Health and Wellbeing Board (HWB)
- NHS contribution to Adult Social Care to be maintained in line with the uplift to NHS minimum contributions
- Invest in NHS commissioned out of hospital services
- Implementing the BCF policy objectives.

5.33. The BCF is developed alongside Integrated Care Boards (ICBs) (and District Councils in relation to the effective deployment of disabled facility grant, which is passported in full to District Councils). The service continues to work closely with health partners within the ICS to agree the budget plans reflect priorities within the programme. In 2021-22 NCC led a joint review of the BCF with the ICB in Norfolk to shape a future BCF that further delivers local priorities; acts as a strengthened delivery arm of joint commissioning; and focuses strategy and funding on the most important priorities for integration. A new local set of principles for services in the BCF have also been agreed:

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

5.34. We presently await the 2023-24 planning guidance relating to the Better Care Fund (BCF) which should confirm the mandatory minimum contributions from Integrated Care Boards (ICB) towards the protection of Social Care. Our 22-23 plan was recently agreed as part of the annual BCF assurance cycle.

5.35. **Disabled Facilities Grant** (DFG) allocations are transferred to District Councils through the BCF. This enables Housing Authorities to meet their statutory duty to provide adaptations to the homes of people with disabilities to help them live independently for longer. From 2016-17 the DFG allocations have included amounts to offset the discontinuation of the Social Care Capital Grant. The DFG will also continue to be worth £573m nationally in 2022-23 and set out the planning requirements. Details for 2023-24 have not yet been confirmed.

5.36. **Social Care Grant** – The provisional settlement confirmed a £1.345bn national expansion of this grant. In addition Government has rolled into this grant the former Independent Living Fund (£161m), the combination of these two changes, when added to the sums continued from 2022-23, takes the total funding nationally to £3.852bn. This provides a further £23.651m for Norfolk (plus £1.379m of Independent Living Grant rolled in), and brings our total grant for 2023-24 to £66.525m (2022-23 £41.495m). This grant is ringfenced towards helping to address cost pressures across both Adults and Children's social care. Nationally, £1.185bn of the additional funding has been distributed based on the adult social care relative needs formula and £160m has been used to "equalise" the impact of the distribution of the adult social care council tax precept in 2023-24. This methodology is favourable to Norfolk due to the comparatively lower tax base.

- 5.37. **Improved Better Care Fund (iBCF)** The provisional settlement confirmed no increase to the iBCF and our allocation remains at £39.619m for 2023-24. The grant must only be used for “meeting adult social care needs; reducing pressures on the NHS, including seasonal winter pressures; supporting more people to be discharged from hospital when they are ready; ensuring the social care provider market is supported”. As grant recipient, we work with our local Integrated Care Board and providers to ensure the grant conditions are met. In 2019-20 the government announced that the winter pressures funding previously provided as a distinct grant would be rolled into the iBCF. In addition, the governance changed with a requirement to pool this grant alongside the wider Better Care Fund. The Adult Social Care budget reflects the spending plans for the grant.
- 5.38. **Local Reform and Community Voices grant** – allocations for this grant, which consists of three funding streams (Deprivation of Liberty Safeguards in Hospitals; local Healthwatch funding; and funding for the transfer of Independent NHS Complaints Advocacy Service to local authorities) have not been announced for 2023-24 it is therefore assumed that this funding continues in 2023-24 and in future financial years, however if not received, a pressure of £0.599m will arise.
- 5.39. **Independent Living Fund (ILF)** – the ILF provides support for disabled people with high support needs, to enable them to live in the community rather than in residential care settings. From April 2023 this funding will be rolled into the Social Care Grant at 2022-23 levels.
- 5.40. **Social Care in Prisons grant** – the Social Care Act establishes that local authorities are responsible for assessing and meeting the care and support needs of offenders residing in any prison, approved premises or bail accommodation within its area. This grant is to provide additional funding to undertake this new burden. Allocations have not yet been announced for 2023-24 onwards but it is assumed that the funding continues. If the funding is not received a pressure of £0.345m will arise in Adult Social Care for this and future financial years.
- 5.41. **War Pensions** – In the 2016 Budget, the government announced that a change would be made to the care and support charging arrangements in England to treat the schemes more consistently. This was done by requiring regular payments made to veterans under the War Pensions Scheme to be disregarded (i.e. not taken into account) when local authorities conduct the Adult Social Care financial assessment. This grant compensates local authorities who lost income from this change in charging policy. Allocations for 2023-24 have not been published and it is therefore assumed that this funding continues in 2023-24 and in future financial years, however if not received, a pressure of £0.248m will arise.
- 5.42. **Adult Social Care Discharge Grant** - A new grant for 2023-24 offering £300m of national funding from which Norfolk will receive £5.554m of funding. It is provided to upper tier authorities to ensure those people who need to draw

on social care when they are discharged from hospital can leave as soon as possible. The Discharge Funding must be pooled as part of the Better Care Fund. Guidance on this fund is yet to be received but it is envisaged that it will be used to continue some of the initiatives established utilising the Winter 2022 discharge funding.

- 5.43. **Adult Social Care Market Sustainability and Improvement Grant** – A new grant for 2023-24 amounting to £562m of national funding of which Norfolk will receive £9.785m. £2.820m of this funding is being rolled into this grant from the former Market Sustainability and Fair Cost of Care fund. This funding is provided to upper tier authorities to enable tangible improvements to be made to adult social care.
- 5.44. **New Homes Bonus Funding** – New Homes Bonus (NHB) is a grant paid by central government to local councils for increasing the number of homes and their use. NHB is paid for each new home, linked to the national average of the council tax band, originally for a period of six years. As part of the provisional Settlement, the Government has confirmed that NHB will continue in 2023-24 and will be paid on the same basis as 2022-23. The legacy payments that will end in 2022-23 will be used to fund the new 3% funding guarantee. In two-tier areas, the annual payment will continue to be split: 80% for shire districts and 20% for shire counties. It is unclear whether New Homes Bonus will continue after 2024-25, but Ministers have set out the intention for a new consultation on the Future of the New Homes Bonus before the 2024-25 settlement. Our NHB allocations have reduced by £1.205m in 2023-24 (to £0.608m) compared with 2022-23 (£1.833m).
- 5.45. **Rural Services Delivery Grant** – Rural Services Delivery Grant (RSDG) recognises the extra costs of delivering services in rural areas. The provisional Settlement confirmed that 2022-23 allocations of Rural Services Delivery Grant will be rolled forward as £85m nationally in 2023-24, however recognising that with inflation running at 10.5% (December 2022, as reported in January 2023. And having peaked in October 2022 at 11.1%), Government acknowledged in the Final Settlement that RSDG should be uplifted on the same basis as RSG. Otherwise, this would have equated to a real term year on year reduction in this grant.
- 5.46. **Services Grant 2023-24** - Service Grant will reduce by £4.665m in 2023-24, reflecting removal of funding for the cancelled increase in National Insurance Contribution and provision to increase funding for the Supporting Families programme. Services Grant will be distributed by the Settlement Funding Assessment.

## COVID FUNDING

- 5.47. Up to 2021-22 the Council has received one-off emergency funding in relation to the pandemic to meet the additional costs arising due to COVID-19. No further COVID-19 funding has been provided since 2022-23. The Government has now confirmed that any remaining COMF funding can be carried forward to 2023-24.

## COUNCIL TAX (28%)

- 5.48. Council tax is a key source of locally raised income. This helps make up the difference between the amount a local authority needs to spend and the amount it receives from other sources, such as business rates, government grants, and fees and charges.
- 5.49. In 2016-17 the Government introduced a new discretion for local authorities providing adult social care to raise additional council tax as an Adult Social Care precept. This gave authorities the option to raise an additional precept of 2%, on top of their existing discretion to raise council tax within the referendum limit (at the time also 2%). In 2017-18, the Government further extended the flexibility around the Adult Social Care precept, allowing councils to raise it by 3% in 2017-18 and 2018-19, but in this event having no rise permitted in 2019-20. The Council took advantage of this flexibility to raise the maximum Adult Social Care precept by 2018-19 meaning no increase was applied in 2019-20. In 2020-21, a further 2% was raised through the Adult Social Care Precept.
- 5.50. In 2021-22 the Government included within the provisional Local Government Finance Settlement<sup>25</sup> (December 2020), a core council tax referendum principle of up to 2% and an adult social care precept of 3% on top of the core principle, with the opportunity to split this over two years. Members chose to split the available 3% adult social care precept increase with 2% applied in 2021-22 and 1% in 2022-23.
- 5.51. For 2022-23 the Government announced a core council tax referendum principle of 2% and an additional 1% adult social care precept, which could be taken in addition to the deferred element of the 2021-22 amount (1%). The Council opted not to take the additional 1% for 2022-23.
- 5.52. Current forecasts suggest that between 2016-17 and 2022-23, Norfolk will have experienced average growth in the tax base of 1.55% per year. However the increase forecast in 2023-24 is lower at 1.27% and projected increases are significantly smaller at 1% for the duration of the current MTFS (2024-27) as shown in **Table 2** below.

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<sup>25</sup> [Provisional local government finance settlement 2021 to 2022: consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/provisional-local-government-finance-settlement-2021-to-2022)

**MTFS Table 2: Council Tax assumptions**

<b>Council Tax Assumptions</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
Assumed increase in general council tax	2.99%	2.99%	1.99%	1.99%
Assumed increase in Adult Social Care precept	2.00%	2.00%	1.00%	0.00%
<b>Total assumed council tax increase</b>	<b>4.99%</b>	<b>4.99%</b>	<b>2.99%</b>	<b>1.99%</b>
<b>Assumed Council Tax Base</b>	<b>308,569</b>	<b>311,654</b>	<b>314,771</b>	<b>317,919</b>
<b>Assumed increase in Council Tax Base (%)</b>	<b>1.27%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>

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

#### COUNCIL TAX ASSUMPTIONS WITHIN CORE SPENDING POWER FOR 2016-17 ONWARDS

5.54. In 2016-17 the Government introduced a measure of "core spending power", intended to reflect the resources over which councils have discretion. However, in reality, the council has limited discretion over how much to raise council tax, and cannot significantly influence whether businesses pay Business Rates, or the level of allocated central government funding.

5.55. Core spending power risks painting an unrealistic picture of how well a council might be faring. For example, Norfolk's indicative core spending power has risen from £606.3m in 2015-16 to £857.1m in 2023-24, an increase of £250.8m, however the vast majority of this increase has been delivered through increased council tax, effectively transferring the burden to local council tax payers. During this time the Council has also had to plan to make substantial savings to meet wider cost pressures and reductions in funding and enable the setting of a balanced budget.

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

*care responsibilities by taking into account the main resources available to councils, including council tax and business rates.”<sup>26</sup>*

5.57. Nonetheless, by previously using core funding as a mechanism for the distribution of funding in the settlement, the Government has effectively assumed that councils will raise council tax at the referendum threshold, will raise the Adult Social Care precept, and that historic levels of tax base growth will persist. As a result, any decision to raise council tax by less than the maximum available will lead to underfunding when compared to the Government’s expectations, and may make it more difficult to lobby for additional central government funding.

## 6. REVENUE STRATEGY AND BUDGET

6.1. The primary objective of the Medium-Term Financial Strategy 2023-27 is to show a balanced four-year position. At present further savings or additional revenue funding need to be identified to meet the significant shortfall shown in the period 2024-25 to 2026-27 below:

**MTFS Table 3: Provisional medium term financial forecast budget shortfall**

Provisional medium term financial forecast budget shortfall	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Additional cost pressures and forecast reduction in Government grant funding	169.523	74.750	57.109	61.317
Forecast council tax increase	-29.584	-27.414	-20.949	-16.316
Identified saving proposals and funding increases	-139.939	-1.415	-0.669	-2.285
<b>Budget shortfall</b>	<b>0.000</b>	<b>45.920</b>	<b>35.491</b>	<b>42.716</b>

6.2. The Council’s revenue budget plans deliver a balanced budget for 2023-24, but a significant shortfall remains in the subsequent years 2024-25 to 2026-27 (an **overall deficit in the Medium Term Financial Strategy of £124.127m**). The Medium Term Financial Strategy (MTFS) is intended to aid forward planning and help mitigate financial risk. The detailed timetable for the identification of the required savings and future year budget setting is set out in the Revenue Budget report.

6.3. The Strategic Review is discussed elsewhere in the Budget report. Phase two of the Strategic Review is expected to make a material contribution of c.£10m towards reducing the forecast 2024-25 gap.

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

<sup>26</sup> *Spending Review and Autumn Statement 2015*, para 1.242, p59, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/479749/52229\\_Blue\\_Book\\_PU1865\\_Web\\_Accessible.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479749/52229_Blue_Book_PU1865_Web_Accessible.pdf)

- Pressure on budgets from needs led services, relating to adults and children's social care, where the number of service users and the complexity of need continues to increase;
- The long term impact of the pandemic on social care, backlogs built up on top of new demand, alongside staff shortages due to changes in immigration caused initially by Brexit but compounded by the pandemic;
- Delayed adult social care charging reforms (including the cap on care costs) where the full implications of Government decisions remain to be understood;
- The above inflation increasing price of care packages, as providers struggle to meet soaring energy and food prices and high wage inflation;
- The level of Dedicated Schools Grant funding provided to deliver High Needs Block SEND provision, and the progress in recovering the deficit position on these budgets; awaiting the outcome of whether the Safety Valve programme proposal has received ministerial approval;
- The impact of the decision to leave the EU on local government funding and the wider economy; workforce shortages in key sectors, supply bottlenecks have been exacerbated by changes in migration and reductions in trading;
- Workforce recruitment and retention and shortage of labour in key sectors;
- Exceptionally high levels of inflation (including national living wage, energy and fuel);
- Significant delays to Business Rates reform and the fair funding review not expected until 2025-26 at the earliest;
- The uncertainty concerning the quantum and distribution of funding in the future years of the MTFS; and
- The ability of local tax payers to continue to absorb increases in council tax and the Adult Social Care precept.

6.5. CIPFA's Financial Management Code sets out a requirement for councils to consider a long-term financial view which recognises financial pressures. This should include an assessment of the sensitivity of the council's position to a range of alternative scenarios. The table below therefore provides a summary long term financial outlook for the council, based on currently known pressures and an assumption that government funding continues at the same level as 2023-24.

6.6. Norfolk County Council has a strong history of good financial management. An assessment of our compliance with the Financial Management Code is included within the Revenue Budget report.

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

- Organisational leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.

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

**MTFS Table 4: Long term financial forecast budget position**

Long term financial forecast budget position	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	2028-29 £m	2029-30 £m	2030-31 £m	2031-32 £m	2032-33 £m	Total £m
	MTFS*	MTFS*	MTFS*	MTFS*	LTFO**	LTFO**	LTFO**	LTFO**	LTFO**	LTFO**	
Economic and inflationary	41.528	24.436	21.702	22.229	23.409	24.097	24.815	25.406	26.148	26.893	<b>260.662</b>
Legislative requirements	31.069	6.760	-0.200	0.000	0.000	0.000	0.000	0.000	0.000	0.000	<b>37.629</b>
Demand and demographic	20.495	42.150	37.150	37.010	11.000	11.000	11.000	11.700	11.100	11.100	<b>203.705</b>
Policy decisions	55.746	0.776	-1.543	2.078	0.000	0.766	-6.266	0.000	0.000	0.000	<b>51.556</b>
Funding decreases	16.115	0.628	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	<b>16.743</b>
Identified savings	-59.704	6.197	-0.669	-2.285	0.000	0.000	0.000	0.000	0.000	0.000	<b>-56.461</b>
Funding increases	-75.665	-7.612	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	<b>-83.277</b>
Council tax changes	-29.584	-27.414	-20.949	-16.316	-16.807	-17.313	-17.834	-18.371	-18.924	-19.493	<b>-203.003</b>
<b>Forecast Gap (Surplus)/Deficit</b>	<b>0.000</b>	<b>45.920</b>	<b>35.491</b>	<b>42.716</b>	<b>17.602</b>	<b>18.551</b>	<b>11.715</b>	<b>18.735</b>	<b>18.324</b>	<b>18.500</b>	<b>227.554</b>

\*MTFS - Medium Term Financial Strategy

\*\*LTFO - Long Term Financial Outlook

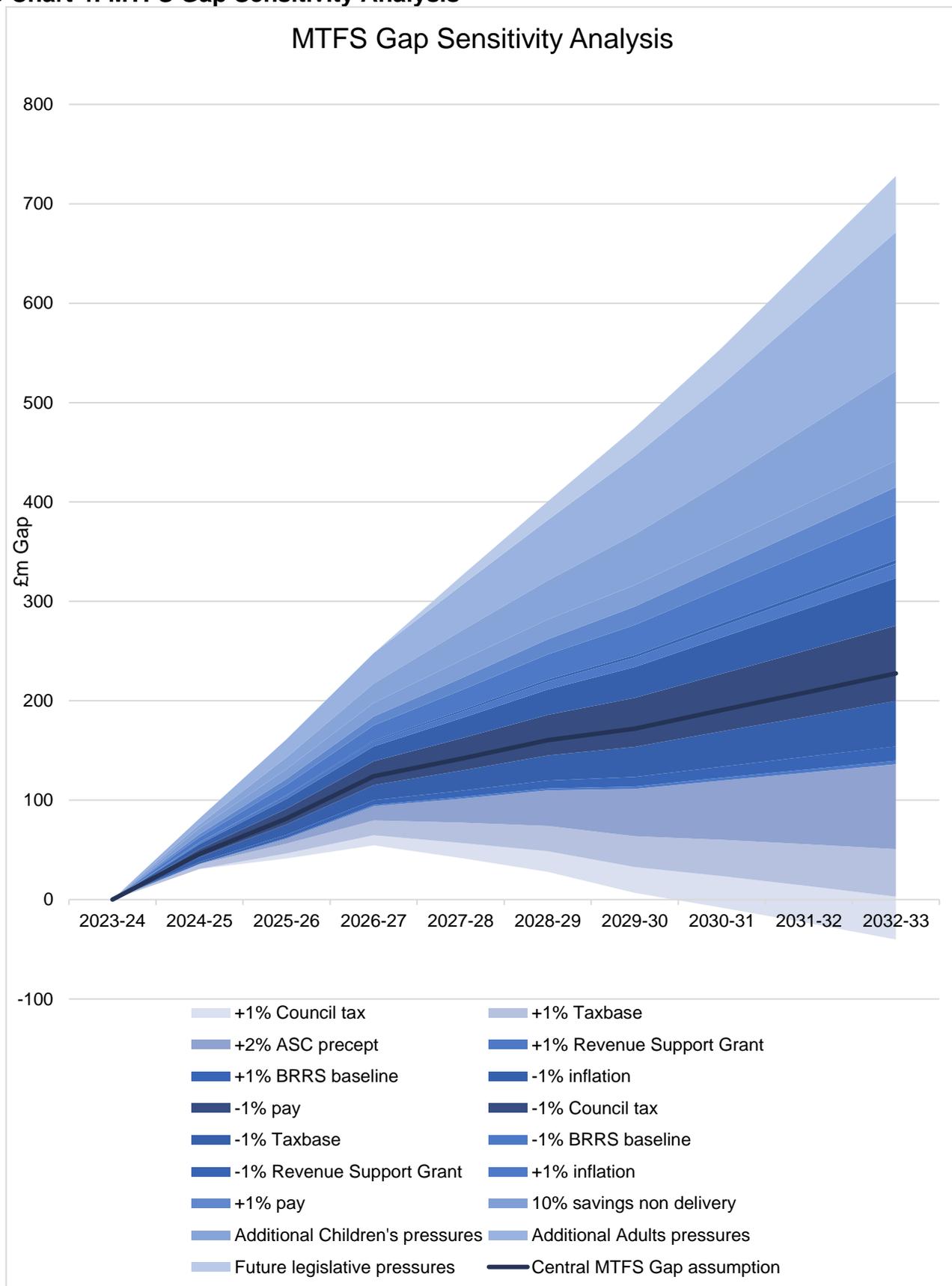
6.8. The long term outlook suggests a cumulative budget gap in excess of £225m by 2032-33, if no mitigating actions are taken. However, the level of this gap is highly sensitive to changes in assumptions and is ultimately likely to be materially different. In particular, the level of uncertainty within these forecasts inevitably increases for later years. The sensitivity of the budget in 2023-24 to changes in key assumptions is shown in the following table.

**MTFS Table 5: Assumption sensitivity 2024-25**

<b>Change in assumption</b>	<b>£m</b>
10% savings non delivery	+/- 5.970
+/-1% pay inflation	+/- 3.100
+/-1% general inflation	+/- 5.183
+/-1% Revenue Support Grant	+/- 0.451
+/-1% Business Rates baseline	+/- 1.608
+/-1% Council tax base	+/- 4.914
+/-1% Council tax	+/- 4.914

6.9. The graphic below illustrates the range of sensitivity around the central MTFS forecast shown in **MTFS Table 4**. The graphic indicates that if all upside assumptions occurred, there would be no gap in 2032-33, however if all downside risks materialise, the gap could potentially be in excess of £700m. The reality is likely to be somewhere around the central forecast, but this provides a sense of the uncertainty linked to potential variation and level of risk over the longer term planning horizon.

**MTFS Chart 4: MTFS Gap Sensitivity Analysis**



## 7. CAPITAL STRATEGY AND BUDGET

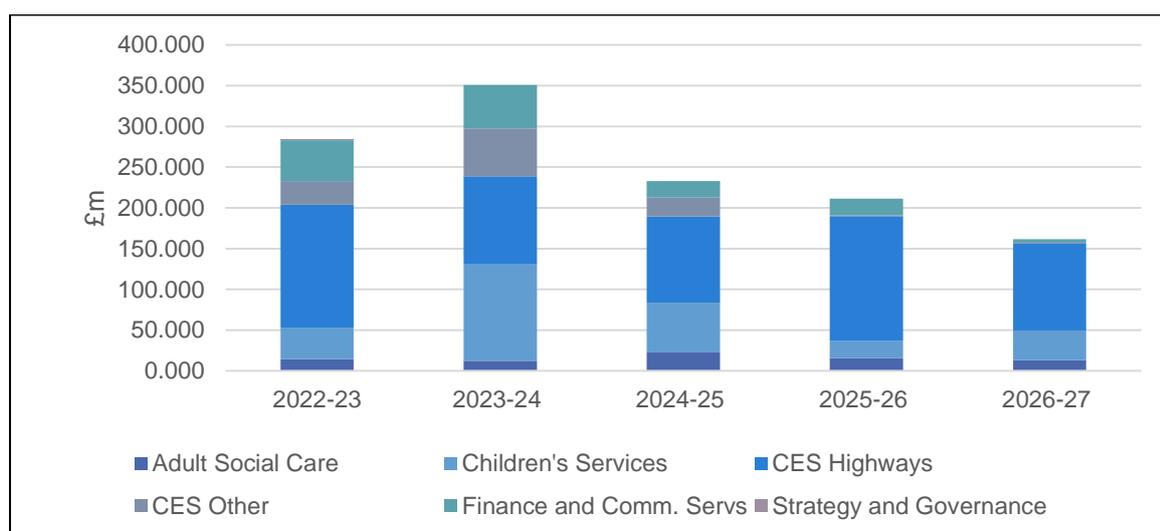
7.1. The Capital Strategy provides a framework for the allocation of resources to support the Council's objectives. The capital strategy is intended to:

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

7.2. A proposed capital programme for 2022-27+ of £1,240.555m was considered by Full Council, of which £956.971m relates to future years.

7.3. The bar chart below shows the breakdown of capital spend and the following table details how it is funded.

**MTFS Chart 5: Capital Programme expenditure 2022-27+**



**MTFS Table 6: Capital Programme funding 2022-27**

Service	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m	Total £m
Adult Social Care	14.130	12.473	22.482	15.401	13.200	77.686
Children's Services	38.977	118.296	61.323	21.325	36.294	276.213
CES Highways	150.836	107.926	105.658	153.090	106.757	624.266
CES Other	28.896	58.706	23.483	1.200	1.217	113.501
Finance and Commercial Services	50.312	53.654	19.989	20.180	4.320	148.456
Strategy and Governance	0.432	0.000	0.000	0.000	0.000	0.432
<b>Total</b>	<b>283.583</b>	<b>351.054</b>	<b>232.934</b>	<b>211.196</b>	<b>161.787</b>	<b>1,240.555</b>

## 8. SUMMARY

- 8.1. As in previous years, the Medium Term Financial Strategy sets out details of the high level national and local factors which are considered likely to impact on budget planning over the next four years. It provides information about how the Council intends to respond to these challenges and needs to be considered when the County Council makes decisions about the Budget. The MTFS provides an overview of the likely implications of 2023-24 budget decisions for the future years 2024-25 to 2026-27 and outlines the potential longer-term issues facing the Council.
- 8.2. The overarching purpose of the Medium Term Financial Strategy is to support the Council in developing balanced budget plans over the three year period, and to support this objective a proposed planning timetable for setting a balanced budget for 2024-25 is included within the 2023-24 Revenue Budget report.
- 8.3. The Medium Term Financial Strategy links closely with the CIPFA Financial Management Code implemented in 2021-22 and as such it is an important component of the authority's financial management framework. In particular, the Medium Term Financial Strategy is one of the tools which supports the Council to develop plans which will assist in forming a view of, understanding, and maintaining, financial resilience in the medium to longer term. The Strategy is therefore aligned with the requirements of the Financial Management Code.

## GLOSSARY

The Council (and public sector bodies in general) use a range of financial terms that sometimes differ from their use in private sector businesses, and more general usage. This glossary is a quick guide to some of the more important terms.

### CIPFA

Chartered Institute of Public Finance and Accountancy. The organisation sets out best practice for financial accounting in public bodies, including the best way to categorise different types of income and expenditure (see below).

### COST CENTRES AND SUBJECTIVE CODES

A cost centre is an area of the budget to which income and expenditure (see below) can be attributed. Each is given a code, for example Aylsham Library is cost centre LL4800.

All income and expenditure is also categorised and given a subjective code to control and monitor spend.

For example, when Aylsham Library buys paper for its photocopier, it is recorded in the accounting system first by cost centre (LL4800), then by subjective code (46500), which covers 'Printing, stationery and photocopying'. When a member of the public pays to use the photocopier, the income is recorded to cost centre LL4800, then to subjective code 92900 – 'Photocopier and internet print-outs income'.

### COST NEUTRAL ADJUSTMENTS

Transfer of services between departments affecting departmental budgets, but not the total Council budget.

### DEPARTMENTAL RECHARGES (OVERHEADS)

When a department within Norfolk County Council (NCC) provides a service to another department within the Council (for example Community and Environmental Services provide school transport for Children's Services), money is transferred from the budget of one service to another. This is known as a departmental recharge and will show as income in the budget of the department providing the service, and expenditure in the department receiving the service.

### EARMARKED RESERVES

Money held by the Council in reserve for specified reasons.

### EMPLOYEE RELATED EXPENSES

The cost of staff, including salaries, wages, overtime payments, expenses, and pensions.

### FTE

An acronym for 'Full Time Equivalent' i.e., a full-time member of staff equates to 1 FTE, a part-time member of staff working 2.5 days a week equates to 0.5 FTE.

### GENERAL BALANCES

Money held in reserve by the Council that is not allocated to any specific purpose, i.e. is not part of earmarked reserves. Information on how the amount of money deemed necessary to be held is calculated can be found in the report on the Adequacy of Provisions and Reserves. See page 33 for more detail.

## INCOME AND EXPENDITURE

Any money that comes from outside the Council, whether from central government, or from individuals and companies paying for services provided by the Council, is classified as income.

Anything spent by a department, whether on staff, contracted services, or supplies, is classified as expenditure.

## INTERNAL RECHARGE

When a team or unit provides a service to another team or unit within the same department, money is transferred from the budget of one team to another. This is known as an internal recharge and will appear as income in the budget of the team providing the service and expenditure in the budget of the team receiving the service. Internal recharges will net to nil within a departmental budget.

## DLUHC

A Government department – the Department for Levelling Up, Housing and Communities (formerly the Ministry for Housing, Communities and Local Government (MHCLG))

## NET AND GROSS

The cumulative total of all planned revenue spending for a year is known as the gross expenditure. NCC's income that allows it to make this expenditure comes from a variety of sources – central government grants, customer receipts, locally retained Business Rates (also referred to as National Non-Domestic Rates or NNDR). The difference between the income from these sources and the gross expenditure is known as net expenditure, and is what NCC needs to collect in council tax.

## REVENUE AND CAPITAL

Day-to-day spending on supplies (for example paper for printers) and services (for example window cleaning) is classed as revenue expenditure. One-off spending acquiring assets (for example buying a new office building) or improving assets (adding a new classroom to an existing school building) is classed as capital expenditure. See page 19 for details of the revenue budget, and page 5151 for the capital strategy and programme.

Capital receipts are income generated by the sale of an asset, and can only be used for capital purposes, not to finance ongoing revenue costs, although the 2015 Autumn Statement has provided greater flexibility about the use of capital receipts for assets sold after 1<sup>st</sup> April 2016 (and this has subsequently been extended).

## TRANSFER PAYMENTS

Direct payments, which provide funding to service users to enable them to commission their own services such as domiciliary care and day care are shown in the budget as transfer payments. These also include “Section 17” payments providing financial assistance for children in need, which are intended to prevent children coming into the care system.