

County council faces difficult budget decisions

19 January 2024

Norfolk County Council has proposed a balanced budget but it faces difficult decisions in order to deliver it.

That is the message from deputy council leader Councillor Andrew Jamieson, who is proposing £52.2 million of new savings, including £1.4 million that may require further consultation.

Cllr Jamieson said today: "We're doing our best to protect key services – but faced with rising costs, rising demand and under-funding, we must take difficult decisions to balance the books.

"Over the past four years, we have successfully made savings by transforming the way we deliver services. I want to continue that long-term approach, instead of having to make short-term decisions that may store up problems in future. That's why the Government should help to ease our immediate pressures, to give us the space to do that properly."

Cllr Jamieson outlines the situation in a report to cabinet. He says the Government's autumn statement and provisional funding settlement "set out a worse funding position for local authorities than had previously been anticipated, including an unexpected and sharp reduction in services grant". The council is £4 million worse off than it had expected to be.

He says that, while Norfolk County Council proposes a balanced budget, with the net budget funded by Council Tax totalling £527.7 million, "I cannot shy away from the fact that the council faces an extremely challenging financial outlook and this year's budget includes a number of difficult decisions which we do not take lightly."

Cllr Jamieson says: "The simple reality is that, in common with almost all other upper tier authorities, we face very significant financial pressures arising from rising costs driven by inflation, growth in demand and the National Living Wage."

The report says local government is facing growing demand and cost pressures and notes that a number of councils have had to declare section 114 notices, as they could not achieve a balanced budget. Norfolk County Council says that, by proposing “significant savings across all services”, it will be able to agree a robust and sustainable budget for the year ahead.

The key headlines are:

- £116 million of investment to meet demand and cost pressures – including £34.7 million for inflation, £37.6 million for legislative requirements and £39.7 million for demand and demographic issues
- £52.2 million of new savings, including £12.1 million from transforming how the council operates
- New savings proposals totalling £1.4 million may require further consultation and will then be brought back to cabinet for decisions
- A proposed 4.99 per cent increase in the county council’s share of Council Tax, in line with the Government’s capping level (2.99 per cent for general Council Tax and 2 per cent for adult social care). This would increase the council’s share of band D bills to £1,672.11. A 4.99 per cent rise would generate £24.9 million

A small number of the budget proposals have been identified as potentially requiring public consultation, as they may relate to a policy or service change. These include:

- Charging an admin fee for brokering on behalf of people who self-fund their adult social care
- Review of the adult social care non-residential charging policy – including the Minimum Income Guarantee (MIG)
- Recommissioning of social isolation and loneliness contracts
- Norfolk Record Office – pre-booking of visits and new paid services to increase income generation
- Switching off 2% of streetlights
- Recycling centres: Reduction of opening hours at some recycling centres to deliver a more consistent approach, in line with neighbouring authorities

If, following public consultation, any of the proposals are not implemented, departments will need to make alternative savings.

Once cabinet has considered the proposals, they will be considered by the council’s scrutiny committee, before the full council sets the budget on 20 February.

Cabinet meets at 10am on Monday 29 January to consider the report. [You can read the report and watch the meeting, live or afterwards.](#)

Background

The proposed net budget for each service:

- Adult social services: £279.9 million, including £14.2 million savings and £56.9 million growth
- Children's services: £240.7 million, including £13.2 million savings and £31.7 million growth
- Community and environmental services: £202.6 million, including £9.6 million savings and £14.5 million growth
- Strategy and transformation: £30.1 million, including £709,000 growth
- Chief executive's: £4.3 million, including £330,000 savings and £221,000 growth
- Finance: £230.2 million (a net income budget), including £7.9 million savings and £11.8 million growth

What the report says about pressures facing local government:

"Looking to the future, the funding position for 2025-2026 onwards looks to be particularly challenging, with no new money in the system for social care pressures.

"Fair funding remains deferred and looks increasingly unlikely to be realised in any meaningful way. All local authorities therefore continue to face a wide range of core risks and uncertainties, with the funding position for the sector as a whole appearing increasingly unsustainable."

The report says that, although the council's budget increases each year with Council Tax, it is not increasing enough to meet growing needs and costs.

It says: "The council faces significant inflationary and demand pressures, including additional costs from the level of the National Living Wage, which is set by Government. For local authorities, notional real-terms growth is not keeping pace with budget pressures. Demand-led pressures in social care, children's, homelessness and high-needs schools budgets are easily outstripping the increases in funding."

The council's reserves:

Due to the pressures facing the council, it is forecasting to reduce its non-schools earmarked and general reserves by 36.7 per cent over five years, from £175.2 million to £110.9 million. The council's general reserves is expected to rise from £26.6 million to £30.4 million over that period, reflecting the need to maintain the general fund at 5% of the net budget.

What the report says about campaigning for funding:

"The county council continues to engage with Government, MPs and other stakeholders to campaign for adequate and sustainable funding for Norfolk to continue to deliver vital services for residents, businesses and visitors. Potentially significant funding reforms, including long-delayed social care reform, the fair funding review and business rates reset have been repeatedly delayed and are likely to be dependent on the priorities of any new Government following the anticipated 2024 General Election. It is likely that reforms will not be brought forward until 2026-27 at the earliest."

The report refers to the council's response to the Government's consultation on the funding settlement. It says the council has called for the Government to reverse the reduction to services grant, which was not communicated to councils in advance and which has cost Norfolk County Council £5 million.

What the report says about council staff:

"A number of the specific proposals set out in this report have various staffing implications and staff consultation will therefore need to be undertaken as appropriate, as the proposals are further developed and implemented following approval by the county council."

What are the proposed county council charges for each Council Tax band?

- Band A: £1,114.74
- Band B: £1,300.53
- Band C: £1,486.32
- Band D: £1,672.11
- Band E: £2,043.69
- Band F: £2,415.27
- Band G: £2,786.85
- Band H: £3,344.22