



Joint Panel Meeting
Wednesday, 28th January, 2026 at 4.30 pm
in the Council Chamber, Town Hall, Saturday Market
Place, King's Lynn PE30 5DQ

Reports marked to follow on the Agenda and/or Supplementary Documents

1. **Cabinet Report - Budget** (Pages 2 - 43)
 - Revised version – Financial Plan 2025/2030
 - Revised version – Appendix 1 – Medium-Term Financial Strategy 2025-2030

There have been amendments to the above documents following finalisation of Appendix 3.

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The Medium-Term Financial Strategy 2025/2030

**As submitted to the
Cabinet**

3 February 2026

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The Medium-Term Financial Strategy 2025/2030

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The Medium Term Financial Strategy - 2025/2030

1 Executive Summary

- 1.1 As part of the council tax setting process the Council updates its Medium-Term Financial Strategy (MTFS) to take account of any changes in financial settlements, inflation on service costs and revised priorities of the administration.
- 1.2 In February 2025 the Council approved its Medium-Term Financial Strategy and set its budget for the financial year 2025/2026. A balanced budget was set for 2025/2026 without the need to use the General Fund Reserve.
- 1.3 This report sets out the Council's Finance Strategy for the financial year 2026/2027 and provides an update to the Medium-Term Financial Strategy (MTFS) forecast position for the period covering 2025/2030.
- 1.4 The council continues to deliver services in the face of uncertainty around local government finance reforms which have been continued to be delayed year on year. The government has announced a three-year settlement from 2026/2027 onwards. The Provisional Settlement was announced on 17th December 2025, details can be found here - [Local Government Provisional Settlement](#)
- 1.5 The Ministry of Housing, Communities and Local Government (MHCLG) released the Local Government Finance Policy Statement for 2025 to 2026 on 20 November 2025. The report stated that "This new system will target a greater proportion of grant funding towards the most deprived places that have suffered the most from cuts in recent years, because they have been less able to generate funding through local council tax and business rates compared with other places." Government have set out that they want the most deprived places to see significant funding increases, while some authorities will receive less support, these authorities will see changes brought in gradually over the three years as a result of transitional funding. The revised allocation has meant that a number of grants that were specific have changed or are discontinued as a result of this review.
- 1.6 Taking account of the Provisional Funding Settlement, this Medium-Term Financial Strategy, encounters a reduction in financing for its Revenue Budget. The Council has produced a Savings and Efficiency Plan to assist with bringing spending pressures down despite continued inflationary costs. Despite this the Council now looks to use its General Fund Reserve to fund the increasing budget gap as Government funding formula reduces funding over the next three years.
- 1.7 Ensuring financial sustainability is now a key issue facing the majority of local authorities. Transitional reductions in core funding add further pressure on the Council to meet the requirement of Local Government Reorganisation and are likely to result in reduction in council reserves for unforeseen events and genuine

strategic investment.

- 1.8 Business Rates – government will implement a reset of the Business Rates Retention scheme from April 2026. Business Rates baselines are reset and all previous growth is now included in the scheme and redistributed across all local authorities based on an assessment of needs. No income from growth is expected for 2026/2027 and there will be no Countywide pooling arrangement in the coming year. Business Rates Revaluation is also being implemented from 1 April 2026 where the Rateable Values of all non-domestic properties are reviewed and amended. Government has also introduced a wider range of Business Rates multipliers, including a lower multiplier for retail, hospitality and leisure businesses.
- 1.9 The current Business Rates Retention Scheme allows us to retain 100% of the Business Rates due in respect of renewable energy. The impact of the Business Rates Reset and the Fair Funding Assessment is currently unclear on how this is being treated in future years. Further clarity is being sought.
- 1.10 The provisional local government finance settlement was announced for consultation on the 17 December 2025 confirming the funding of a three-year settlement for 2026/2027 to 2028/2029. There are fundamental changes to grants from 2026/2027. Some highlights from the review are as follows:
- First multi-year settlement since 2015.
 - Consolidation of grants into a Fair Funding Allocation.
 - For some lower tier authorities where the difference between their pre-reform and post-reform income is more than 15% of their pre-reform income, there is protection of 95% of their 2025-26 income.
 - Councils will continue to benefit from income through the Extended Producer Responsibility (EPR) packaging scheme.
- 1.11 This Medium-Term Financial Strategy demonstrates that despite the Council delivering on its saving target for 2025/26 and setting a further savings target for 2026/2027, the government expects continued reliance on the council's reserves. The General Fund Reserve Balance is projected to deplete over the medium term, with an unfunded £8.5m in the final years of the plan. This is mainly due to Government intentions to implement funding reforms from 2026/2027 onwards. The council is unable to determine with any certainty the future funding position beyond 2026/2027, which is a considerable downside risk.
- 1.12 The Council approved the 2024/2029 Financial Strategy at its meeting 27 February 2025. The Financial Strategy 2025/2030 has been developed to replace this and revises many of the assumptions that were made in the 2024/2029 plan. Appendix 3 details the changes and movements in budget from that previous plan.

- 1.13 The Council previously set out its approach for a cost management and income generation plan to reduce costs, generate additional income streams or identify other opportunities to achieve a sustainable financial position by the end of 2027/2028. This report provides details on a list of proposals totalling £2.78m to be delivered in 2026/2027 which still requires use of General Fund Reserves to fund the budget. The savings plan includes many recurring savings that will feed into future years and this has been included in the MTFS.
- 1.14 A review by the Actuary of the Council's secondary contribution to the Pension fund administered by the County Council has resulted in an annual reduction in payment of £741k for the three years to 2028/2029. An increase in the assumptions is reflected in the budget from 2029/2030 onwards.
- 1.15 The costs for Council services have been updated. Inflation forecasts have been updated into 2026/2027 where appropriate and includes Council employee costs, utility costs and other supplies and services that the Council requires to provide its services.
- 1.16 The Council has a number of services for which fees are charged. The level of the fee can be determined locally (discretionary) or by central government (Statutory). Council approved a Fees and Charges Policy in 2025/2026 confirming that discretionary fees and charges would be increased by up to CPI + 1% each year to keep pace with inflation. There is a recommendation in this report to clarify the position in respect of the impact of roundings which may result in some higher or lower increases than CPI + 1% in some cases.
- 1.17 The figures shown in the Financial Strategy for 2025/2030 include a 2.99% per annum per Band D dwelling increase in council tax for each year of the plan. The overall £5 or 2.99% maximum increase permitted under the Council Tax Referendum Principles includes £0.50 in the Band D increase per annum per Band D dwelling to cover the expenditure contained within the budget of Special Expenses for the unparished areas of the Borough.
- 1.18 The [English Devolution White Paper](#) published in December 2024, set out an expectation that all two tier areas should develop proposals for reorganisation into new unitaries. Government has set out an expectation that the cost for delivering LGR will be funded by existing Councils and therefore it is proposed within this budget report that £0.5m is budgeted for and funded from the Council's transformation reserve. This is an estimate of the direct funding needed for 2026/2027. County-wide planning for progression of LGR, includes the preparation to appoint a jointly funded county-wide Strategic Partner, which will be funded by the above provision. A recommendation for delegated authority is made to allow a contract to be awarded upon the conclusion of a successful procurement exercise.
- 1.19 Until the final settlement is confirmed there remains significant uncertainty and

risk from 2026/2027. As set out throughout the report, the Government has implemented changes to how local authorities are funded from 2026/2027. The Funding Review has determined the Base Funding Level for resource allocations under the Business Rates Retention scheme (see Para 3.5.4). This Council has made firm representation for fair and transparent funding arrangements for local government, which take account of the particular pressures of rural authorities, and in the case of West Norfolk, the funding arrangements to address the flood and drainage responsibilities met through the internal drainage boards. The impact of these reforms mean we face a larger budget gap from 2026/2027 onwards and the general fund reserve depletes earlier than currently estimated.

1.20 The recommendations arising from this report are set out as follows:

Recommendation 1

It is recommended that Council note the revision to the Forecast for 2025/2026 as set out in Section 2 of the report.

Recommendation 2

It is recommend that Council delegate authority to the Chief Executive, in consultation with the Leader, to approve the contract for the appointment of a strategic partner to implement Local Government Reorganisation (Paragraph 4.1.2).

Recommendation 3

It is recommended that Council approves the amendments to the Fees and Charges Policy explained in paragraph 4.3.2 and proposed in Appendix 4b.

Recommendation 4

Council is recommended to approve the Policy on Earmarked Reserves and General Fund Balance and the maximum balances set for the reserves as noted in the report and at Appendix 8.

Recommendation 5

It is recommended that Council :

- 1) Approves the budget requirement of £24,475,309 for 2026/2027 and notes the projections for 2027/2028, 2028/2029 and 2029/2030.**
- 2) Approves the Fees and Charges 2026/2027 detailed in Appendix 4a.**
- 3) Approves the Pay Policy at Appendix 5**
- 4) Approves the level of Special Expenses for the Town/Parish Councils as detailed in the report (Appendix 7).**

5) Approves a Band D council tax of £157.44 for 2026/2027.

Recommendation 6

It is recommended that Council approves a minimum requirement of the General Fund balance for 2026/2027 of £1,245,250 (5% of estimated budget requirement).

Recommendation 7

Pursuant to Section 25 of the Local Government Act, Council is asked to have due regard to this statement at Section 9 of this report when considering and approving the budget and the level of council tax for 2026/2027.

2 The Revenue Budget 2025/2026

- 2.1 The budget for 2024/2025 was presented to Cabinet on 4th February 2025 and approved by Council on 27th February 2025 in accordance with the process for approving the financial plan 2024 - 2029.
- 2.2 Budget monitoring has been undertaken and revisions made to forecast taking account of variations to date as reported in section 2 of this report. This has resulted in a favourable forecast contribution to the General Fund Reserve of £383,370 where no transfer was budgeted for. This increases the estimated General Fund Reserve balance as at 31st March 2026 to £10,401,940.

Revenue	Approved budget 2025/2026	Forecast budget position 2025/2026	Forecast Variance 2025/2026
	£	£	£
Borough Spend	26,128,470	26,257,100	128,630
Financing	(26,128,470)	(26,640,470)	(512,000)
Contributions to/(from) General Fund Reserve	-	383,370	383,370

- 2.3 The following table compares the period to 30 September 2025 to the original budget for 2025/2026. Any variances are reported to Cabinet in monitoring reports throughout the year.

Q2 Forecast Outturn Position	Approved budget 2025/2026	Forecast budget position 2025/2026	Forecast Variance 2025/2026
Service	£	£	£
Corporate Services (previously Central Services)	4,334,330	4,334,330	-
Chief Executive	55,000	55,000	-
Environment and Planning	2,618,640	2,327,970	(290,670)
Health Wellbeing and Public Protection	489,400	541,490	52,090
Legal, Governance and Licensing	2,286,990	2,411,990	125,000
Leisure and Community Facilities	1,805,420	1,840,420	35,000
Operations and Commercial	454,880	629,720	174,840
Programme and Project Delivery	(579,290)	(629,290)	(50,000)
Property and Projects	(1,395,780)	(1,373,000)	22,780
Regeneration Housing & Place	1,560,320	1,550,320	(10,000)
Resources	8,226,140	8,295,730	69,590

Q2 Forecast Outturn Position	Approved budget 2025/2026	Forecast budget position 2025/2026	Forecast Variance 2025/2026
Financing Adjustment	2,542,640	2,542,640	-
Internal Drainage Boards	3,729,780	3,729,780	-
Borough Spend	26,128,470	26,257,100	128,630
Contributions to/(from) General Fund Balance	-	383,370	383,370
Borough Requirement	26,128,470	26,640,470	512,000
Revenue Support Grant	(1,052,270)	(1,052,270)	-
New Homes Bonus	(293,360)	(293,360)	-
Other Government Grants	(1,147,680)	(1,496,680)	(349,000)
Business Rates	(14,971,290)	(14,971,290)	-
Council Tax	(8,663,870)	(8,826,870)	(163,000)
Total Funding	(26,128,470)	(26,640,470)	(512,000)
Funding Position	-	-	-

2.4 Any further variances between the revised budget and actual outturn for 2025/2026 will be shown in Monitoring Reports for the remainder of the financial year and in the Final Accounts Outturn Report for 2025/2026.

2.5 The net impact of the projected outturn 2025/2026, as detailed above, on the overall level of General Fund balance is as follows:

Projected Movements in General Fund Reserve Balance	2025/2026 £
Balance brought forward 1 April 2025 (pre audit)	8,208,570
Estimated contribution to/(from) General Fund Reserve	383,370
Pension lump sum replenishment	1,810,000
Projected General Fund Balance 31 March 2026	10,401,940

2.6 The Council is holding the General Fund balance at this level to provide the Council a degree of protection in the current volatile environment. The Council intends to use the balance in delivering its Financial Strategy over the next four years resulting in reducing it down to the minimum reserve level of 5% of budget.

Recommendation 1

It is recommended that Council note the revision to the forecast for 2025/2026 as set out in the report.

3 The Medium-Term Financial Strategy 2025/2030 - Funding

3.1 Government Grant.

3.1.1 The Provisional Settlement has resulted in a stark reduction of spending power to the Council. Key highlights from the settlement are as follows:

- The Fair Funding Assessment for the council reduces each year of the 3-year settlement, a total reduction in funding of £2.12m (3.6%).
- The council receives Crisis and Resilience funding for two years only, this is outside the Core Spending Power (£220k per year).
- Recovery Grant continues at 2025/2026 levels for the 3-year settlement (£520K)
- Funding Floor protection is expected to be utilised in 2028/2029 of the settlement a grant used to prevent the authority dropping below the baseline financing level determined by the Funding Formula that sets level that the Council needs from its Government Grant and Council Tax receipts.
- The Council has been allocated Extended Producer Responsibility Grant into 2026/2027 of £1,908,204 (£2,283,000 in 2025/2026).
-

3.1.2 The provisional Local Government Settlement was announced on 17 December 2025 and included the following government grants:-

- The Revenue Support Grant (RSG) now consolidates a number of grants which the council previously received including:-
 - Temporary Accommodation
 - Employer National Insurance
 - Recovery Grant (itself replaced Rural Services Delivery Grant from 2025/2026)
- The below are specific separate grants:-
 - Crisis and Resilience Fund
 - Homelessness, Rough Sleeping & Domestic Abuse Grant
 - Internal Drainage Board Grant (allocations not yet known, one year confirmed)

The following grants have ended:-

- One year payment of New Homes Bonus.
- Funding Floor Grant.

3.2 Addressing the Funding Gap in 2026/2027

- 3.2.1. The forecast budget for 2025/2026 is forecast to make a contribution to Reserves of £383k, as reported in quarter budget monitoring. The Financial Strategy estimates a drawdown from General Fund Reserve of £1.1m reducing the reserve down to minimum levels in 2028/2029. The use of reserves is only ever a temporary measure which clearly cannot be sustained. Therefore, in order to move towards a more sustainable financial position, the Council has undertaken a review across its services to identify efficiencies and alternative income streams with the aim of the council's spend closing to forecast funding levels across the period of the Strategy. This helps to sustain the general fund reserve balance for its intended purpose which is to help mitigate for unforeseen circumstances that may arise.
- 3.2.2. The preparation of the proposed MTFs has included a number of robust analytical reviews resulting in the following activities and assumptions in order to reduce the level of reliance on General Fund reserves.
- 3.2.3 The Council continues to review reserves that are earmarked for specific obligations and risk. These reserves are utilised to reduce the burden on the revenue budget for one off areas of spend but also options to fund capital spend from borrowing are considered. Where proven to improve cost-effectiveness, then reserves will be utilised to the best advantage.
- 3.2.4 The Council, as with any organisation of its size, can derive savings during the period that an employee role is vacant. The Council has continued to see a high number of vacant posts held at any one time and changes in the employment market continue to add to recruitment difficulties causing posts to be vacant for longer periods. This contributes towards a savings target from employee turnover and after allowing for costs to cover or recruit to a vacancy, the Council is still set to achieve £1m turnover savings in 2025/2026. This budget proposes this is increased to £1.35m for 2026/2027 and reduced back to £1m thereafter. The staff turnover will continue to be monitored alongside recruitment timescales and challenges to mitigate where possible the impact on resources and service delivery.

3.3. Transformation Programme and Savings/Efficiency Proposals

- 3.3.1. As set out in 3.2.1, in developing this Financial Strategy, the Council has carried out an exercise to identify opportunities for savings and efficiencies. This is in addition to those set in the previous MTFs, where a target for 2025/26 was set of £3.47m. Budget Monitoring in 2025/2026, indicates that target will be achieved. The Council is undertaking exceptional efforts to close the budget gap for 2026/2027 and reduce the gap considerably for the remaining years in the MTFs.

3.3.2. The following table summarises the initiatives, identified to date, that will support the reduction of the budget gap. These are incorporated into the budget and will be monitored as part of budget monitoring during the year.

Summary of Proposed Savings				
Type		2026/27	2027/28	2028/29
Business Needs	Budget monitoring of vacant posts and recruitment costs. Review of need for staff to travel on business.	870,000	520,000	520,000
Income	Review and introduce new service offering to generate new income streams. Promote existing services to generate additional income.	847,900	625,400	630,400
Process Review	Review and update processes to improve use of more efficient digital channels and reconsider necessity of existing supply costs.	530,000	719,000	844,000
Property	Optimise Asset utilisation and expedite rent reviews and service charges effectively for commercial tenants.	175,000	410,000	410,000
Purchasing	Perform review of corporatwide spend to identify efficiencies and benefits of from review of supply and service contracts.	45,000	115,000	140,000
Budget Revision	Analyse budgets and propose revisions to reflect greater certainty of need.	311,000	321,000	321,000
Total		2,778,900	2,710,400	2,865,400

3.3.3. In addition to this, a further £1m savings target has been included in the budget. Further work will be undertaken to identify savings to meet this target. It is acknowledged that there is a risk that the full savings target cannot be delivered in full which would need to be addressed through a further drawdown on the general fund reserve.

3.3.4. This budget also covers the Council's approach to setting fees and charges. This is covered in Section 4.3.

3.4. Retained Business Rates

- 3.4.1. The baseline business rates funding allocation was announced in December 2025. Alongside a revaluation of business rates for 2026/2027, the government has also introduced new, lower, multipliers for Retail, Hospitality and Leisure businesses. Changes to the multipliers are set out below:

	Non Retail, Hospitality and Leisure businesses	Retail, Hospitality and Leisure businesses
Small property up to £51,000 RV	43.2p	38.2p
Standard property £51,001 to £499,999 RV	48.0p	43.0p
Large property £500,000 RV and over	51.8p	N/A

- 3.4.2. In the Local Government Finance Policy Statement published on 20 November 2025, Government confirmed a full reset of the business rates retention scheme from 2026/2027 in order to improve how councils are funded and to direct funding to where it is needed most based on an up to date assessment of need and the ability of areas to raise income from local taxation. The implication of a full reset is that any growth achieved above the baseline since the system was introduced in 2013 will be redistributed across all local authorities according to a new updated formula based on needs. The council has benefitted from retained growth through to 2025/2026. The reset has had a detrimental impact on the business rates figures in the budget from 2026/2027. Despite transitional arrangements, the table at 3.5.7 shows a material reduction overall from the "Fair Funding Allocation" to the Council of £5.4m across the three-year settlement period.
- 3.4.3. The Council was included in a Norfolk business rates pooling arrangement for the 2025/2026 financial year. This resulted in a financial benefit to Norfolk as a whole estimated at £8.9m. This is representative of the additional growth above nationally set baselines that was able to be retained locally and shared between the District Councils and County Council. For 2026/2027, the "Reset" removes growth above the baseline and thereby removing any incentive to pool retained business rates. Norfolk authorities have collectively agreed not to enter a pooling arrangement in 2026/2027 but will monitor activity to inform a decision ahead on 2027/2028.
- 3.4.4. The current baseline funding for 2025/2026 is the amount that was published on 17 December 2025 as part of the Provisional Local Government Finance Settlement for 2026/2027. The business rate assumption included in the Financial Strategy 2025/2030 is shown below as the Baseline Funding Level. Column (a) shows the amount of Business Rates that Government expected the

Council to retain in the form of Business Rates collected in 2025/2026 £12.5m. In the new formula, Business Rates go to government and are redistributed to Local Councils. For BCKLWN this reduces to £5.1m in 2026/27. Column (b) shows that this reduction is partially offset by the change in other Government Grant from £1.8m in 2025/2026 to £8.6m in 2026/2027. Column (c) shows the total of this amount reducing from £14.2m in 2025/2026 to £11.1m in 2028/2029. This results in a cumulative reduction of £5.5m (23.5%) over the three settlement period.

	Business rates Retention funding	Grant funding	Fair Funding Allocation	Year on year reduction
	£m	£m	£m	£m
	(a)	(b)	(c)	
2025/2026	12.5	1.8	14.2	-
	Baseline Funding Level	Revenue Support Grant		
2026/2027	5.1	8.6	13.7	3.9%
2027/2028	5.2	7.2	12.4	9.0%
2028/2029	5.3	5.8	11.1	10.5%
Reduction from 2025/2026 to 2028/2029	21.8	16.3	5.5	23.5%

3.4.5. In preparing the Financial Strategy 2025/2030 there are no assumptions for any new growth in business rates from 2026/2027 onwards. Whilst the assumptions have been made using the most up to date information available there is a significant level of risk, because of these external factors which are outside of our control.

3.4.6. The business rates retention scheme previously allowed the authority to retain 100% of rates in respect of renewable energy schemes. The impact on this from the Fair Funding Assessment has not yet been confirmed and there is an open consultation on the future treatment of business rates in respect of renewable energy schemes. This has always been raised as an area of considerable risk for the council. Once the position is known, a further update will be provided along with any implications to the financial assumptions made in this report.

3.4.7. Collection Fund Surplus/Deficit

The Council Tax and Business Rates income for the year is based on an estimate made in January of the preceding financial year. The actual income is then calculated at the end of the financial year. The difference between the estimated income and the actual income produces a surplus (if the estimate was too low) or deficit (if the estimate was too high) on the Collection Fund which is then distributed amongst the relevant authorities.

3.5. Council Tax

- 3.5.1. Council Tax was introduced in April 1993 and is essentially a property tax based on the broad value of domestic properties. The Valuation Office Agency (VOA) is responsible for the valuation of all domestic properties in England and Wales. The VOA attributes each domestic property to one of eight bands – A to H. The bands relate to the estimated property value as at 1991 prices:

Band	Value £	Weighting of band
A	Up to £40,000	6/9ths
B	£40,001 – £52,000	7/9ths
C	£52,001 – £68,000	8/9ths
D	£68,001 – £88,000	9/9ths
E	£88,001 – £120,000	11/9ths
F	£120,001 – £160,000	13/9ths
G	£160,001 – £320,000	15/9ths
H	Over £320,000	18/9ths

- 3.5.2. Although promised by past Governments there has not yet been a revaluation of the property bands. Council tax banding remains set at 1991 prices.

Council Tax Base

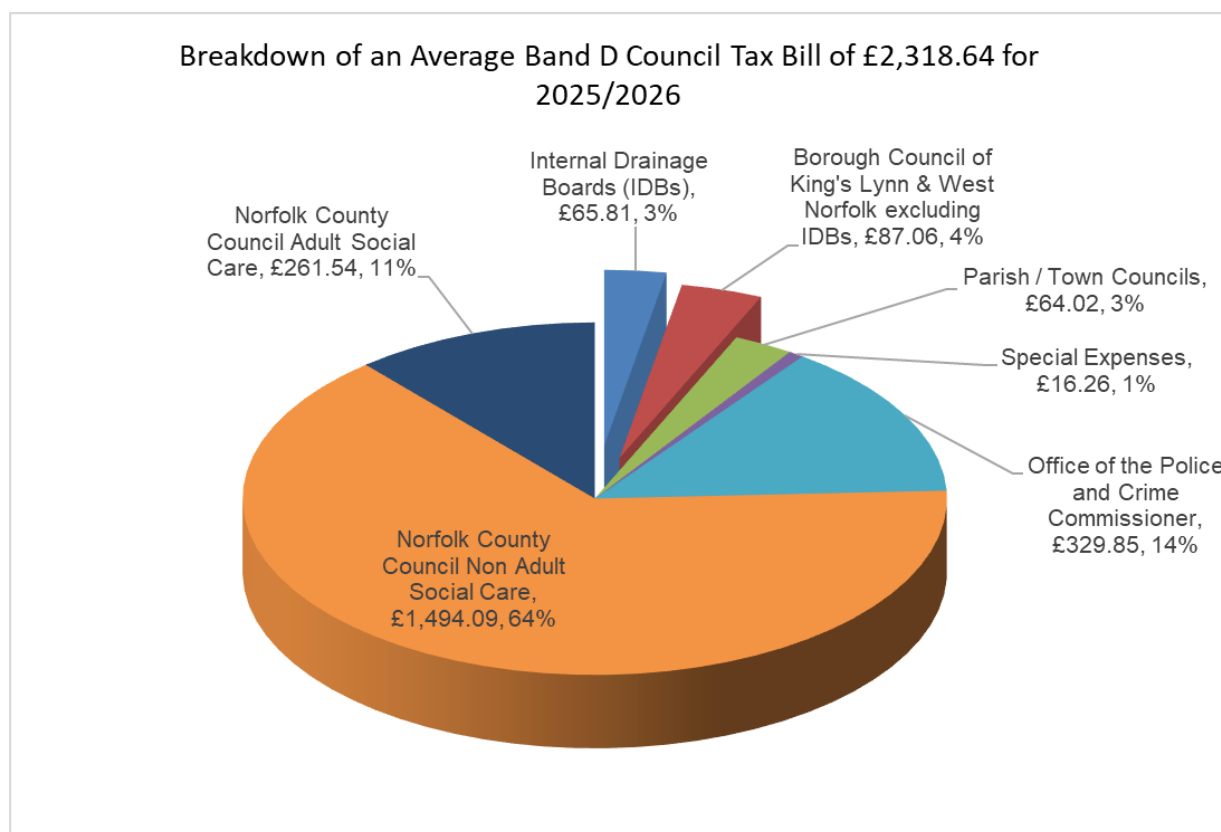
- 3.5.3. The Council Tax base is the estimated full-year equivalent number of liable dwellings in the Borough, expressed as an equivalent number of Band D dwellings with 2 or more liable adults. The calculation of the tax base is important in determining the overall level of Council Tax. The Council has a statutory duty to determine its tax base under the Local Government Finance Act 1992.
- 3.5.4. The tax base for 2025/2026 is 56,675. For 2026/2027 the tax base is assumed to be 57,305, an increase of 630 Band D equivalent properties. This continues to reflect the implementation of a 100% council tax premium for Second Homes introduced from 1st April 2025. For the remaining years of the Financial Strategy the assumption is that the taxbase will rise by the equivalent of 300 Band D properties per annum.

Council Tax 2025/2026

3.5.5. The Borough Council element of the full council tax bill in 2025/2026 for a Band D property is £152.87 out of a total of £2,318.64 (including the average parish and special expenses charge). The following graph at section 3.5.6 shows the separate elements of the bill and it is clear that of a Band D charge in 2025/2026 the Borough Council's charge forms a very small part of the overall bill (£87.06, 3.8% of a Band D Council Tax bill) collected from every council taxpayer. The balance from the £152.87 is collected for Internal Drainage Boards (£65.81, 2.8% of a Band D Council Tax bill).

Council Tax Levels – Band D

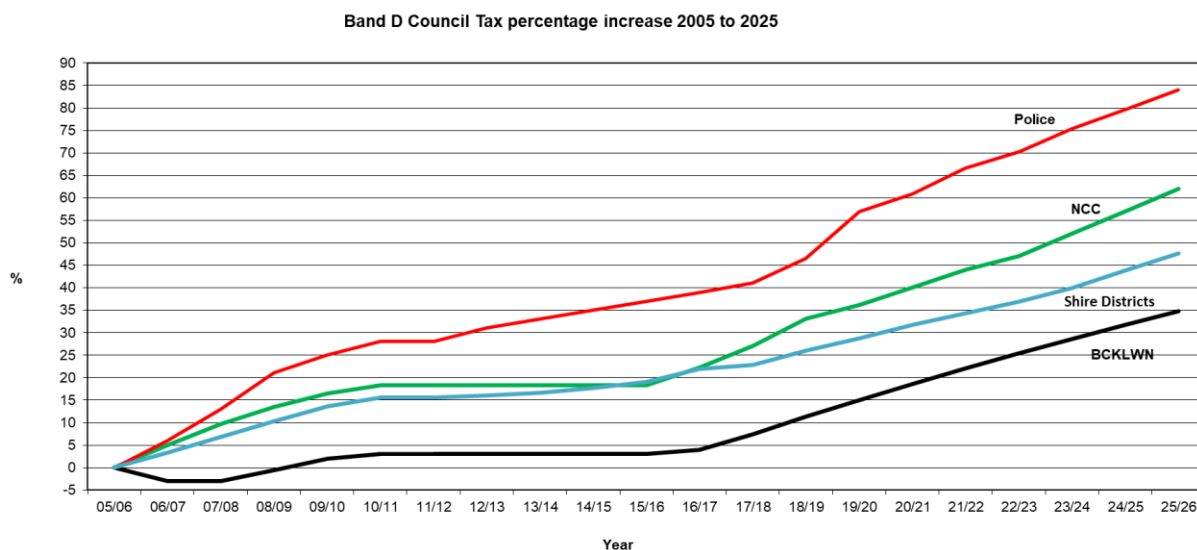
3.5.6. The table below shows the elements of a council tax Band D charge of £2,318.64 for 2025/2026.



2025/2026	Average Band D	%
Internal Drainage Boards (IDBs)	£65.81	2.8%
Borough Council of King's Lynn & West Norfolk excluding IDBs	£87.06	3.8%
Parish / Town Councils	£64.02	2.8%
Special Expenses	£16.26	0.7%
Office of the Police and Crime Commissioner	£329.85	14.2%
Norfolk County Council Non Adult Social Care	£1,494.09	64.4%
Norfolk County Council Adult Social Care	£261.54	11.3%
Total	£2,318.64	100.0%

¹ The total Borough Council Band D equivalent charge for Council Tax must currently include the levies required by the Internal Drainage Boards. This total is subject to the Referendum limits set out at paragraph 3.8.10 below, with the drainage board levies taking priority over the amounts the Borough Council retains.

- 3.5.7. Over the period since April 2005 the Council has held council tax to a level where in 2025/2026 the cumulative Band D charge of £152.87 amounts to an increase of 40.1% above the 2005/2006 figure of £108.67. The average cumulative increase in council tax for shire district areas in England over the same period 2005/2006 to 2025/2026 has been 52.1%. The Consumer Price Index (CPI) has increased by over 55% across the same period (and Retail Price Index over 75%). The Council's council tax increases have remained lower than inflation and the average of shire districts increases throughout the whole period since 2005/2006.
- 3.5.8. The graph below shows how the various elements of the council tax bill in West Norfolk have increased over the period 2005/2006 to 2025/2026. The increase in the County Council precept from 2020/2021 includes the additional permitted increase for Adult Social Care.



Council Tax 2026/2027 and Future Years

- 3.5.9. The Government remains focused on Councils' 'core spending power' which is based on a local authorities ability to generate local taxation. The core spending power analysis tables published by the Government for each Council assumes that Shire District Councils will introduce the maximum amount of 3% or £5 per annum per Band D dwelling Council Tax increase permitted under the Council Tax Referendum Principles.
- 3.5.10. The Provisional limits for 'Referendums Relating to Council Tax Increase (Principles) (England) Report 2025/2026' published on 17 December 2025 state that for the borough council the principles for 2026/2027 no more than :
- (a) 3%, or more than 3%, greater than its relevant basic amount of council tax for 2025/2026; and
 - (b) more than £5 greater than its relevant basic amount of council tax for 2025/2026.
- 3.5.11. The figures shown in the Financial Strategy for 2025/2030 include:
- a £4.57 (£5.07 including Special Expenses) per Band D dwelling increase for 2026/2027,
 - a 3% increase (plus £0.50 of Special Expenses) per annum per Band D dwelling increase in council tax for each year of the plan from 2027/2028.

3.5.12. The Borough Council proposed levels of council tax for 2026/2027 are:

Band	2026/2027
	£
A*	87.47
A	104.96
B	122.45
C	139.95
D	157.44
E	174.93
F	227.41
G	262.40
H	314.88

* The Council reduces the charge to a property classed as Band A to £87.47 per annum when it is eligible for Disabled relief (5/9th of Band D).

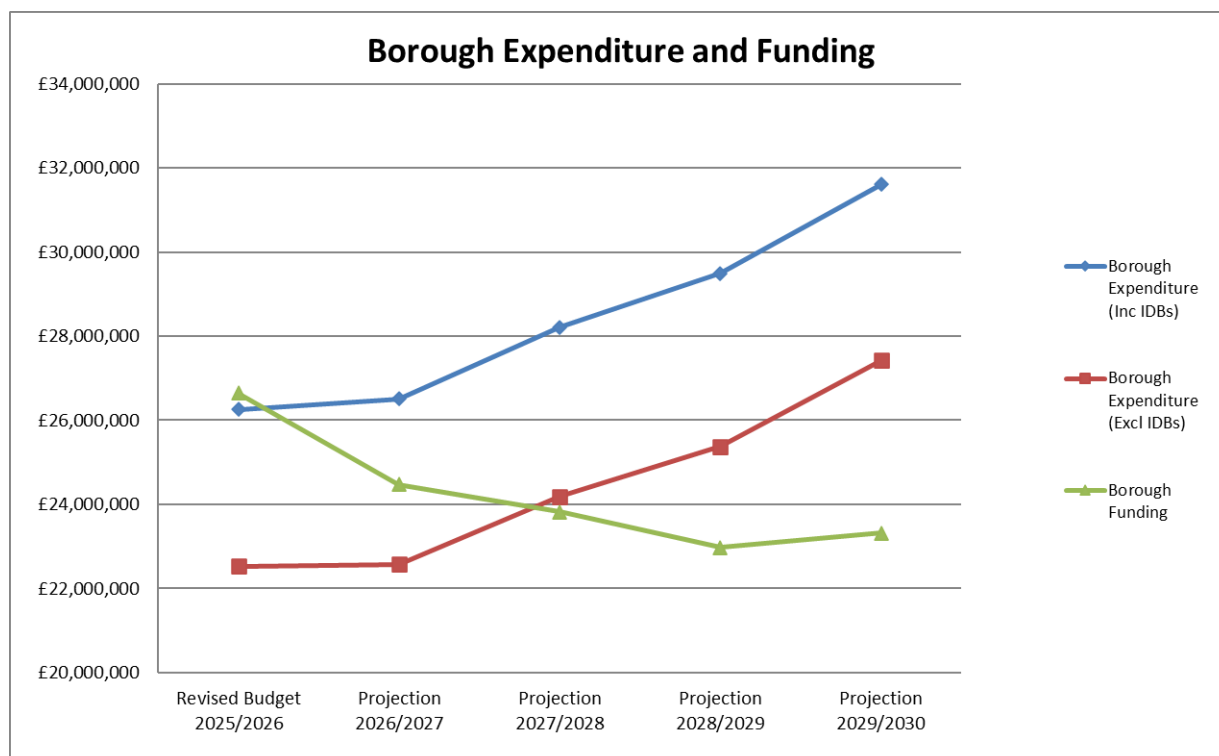
3.5.13 The Financial Strategy includes additional council tax income from 2026/2027 due to the implementation of the Second Home Premium as mentioned at 3.5.4. However, discussions with Norfolk County Council have resulted in an agreement where 25% of their share of this premium will be returned to the Council to spend on priorities agreed with NCC. As a result of this, an estimated £1.134m will be transferred to reserves and applied to spend in accordance with the criteria as yet to be agreed.

3.6. Overall Funding Position

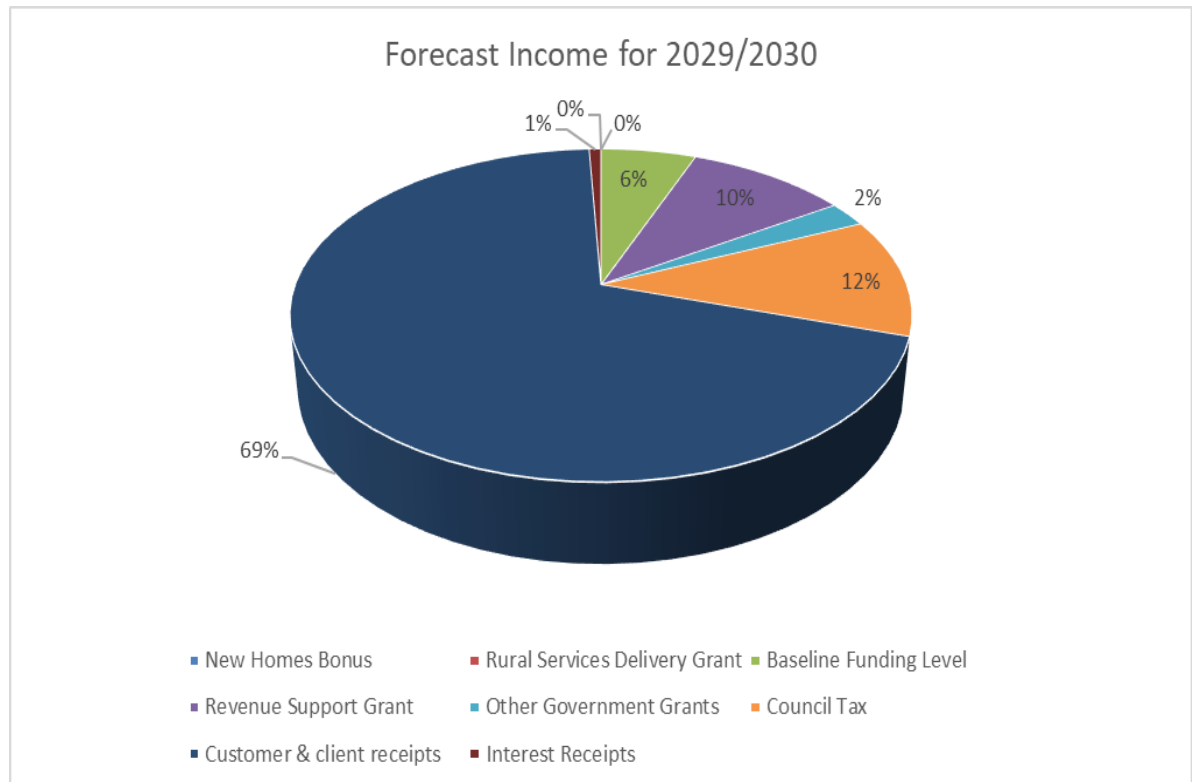
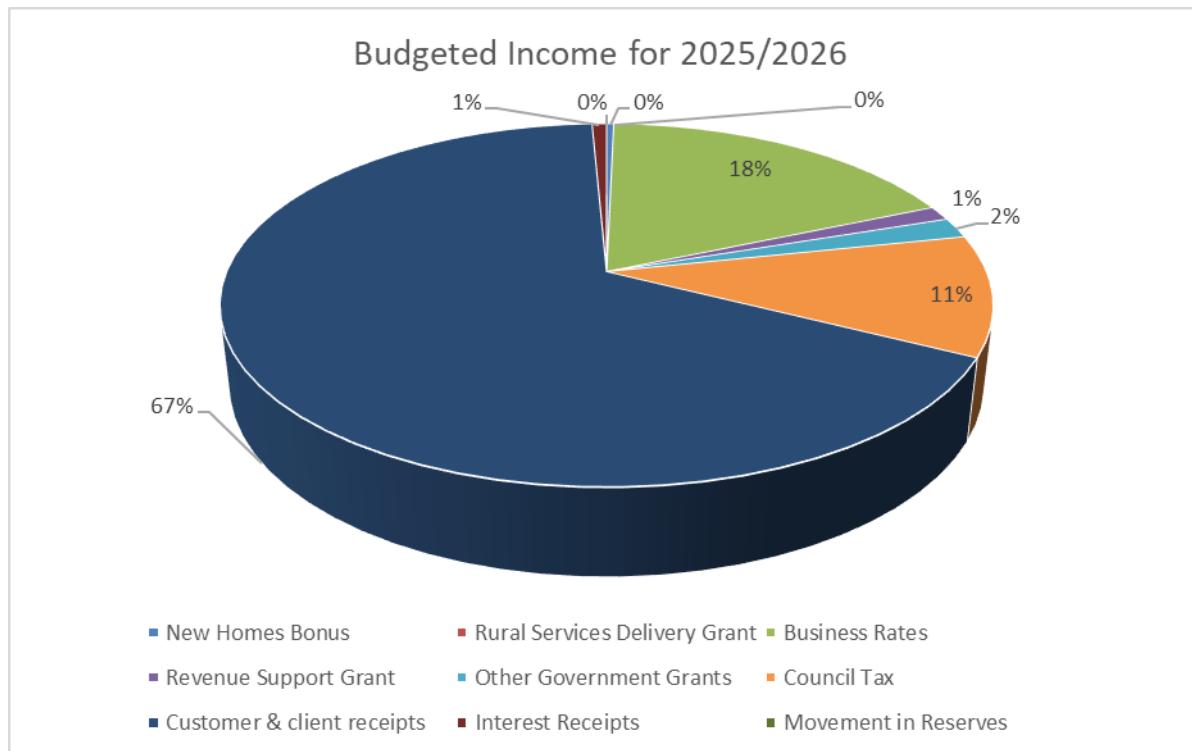
3.6.1. The Ministry of Housing, Communities and Local Government (MHCLG) released the Local Government Finance Policy Statement for 2025 to 2026 on 20 November 2025. A multi-year settlement was confirmed with effect from 2026/2027 with the introduction of revised Fair Funding Assessment formula resulting in a spending need assessment from the most up to date available evidence. A full reset to Business Rates growth has also been announced in addition to changes to the Funding Settlement.

3.6.2. The council has previously highlighted the potential significant risks from any implementation of funding reforms by Government. The risks appear to be confirmed risks emerging from our analysis of the provisional Fair Funding Assessment published on 17th December by MHCLG.

3.6.3. The graph below shows how the gap between expenditure and funding is forecast to change over the period of the Financial Strategy. It also shows the impact that the cost of Internal Drainage Board levies has on the financial position.



3.6.4. A comparison of the overall funding streams is shown in the following diagrams. A comparison of expenditure by theme is shown in the next section.



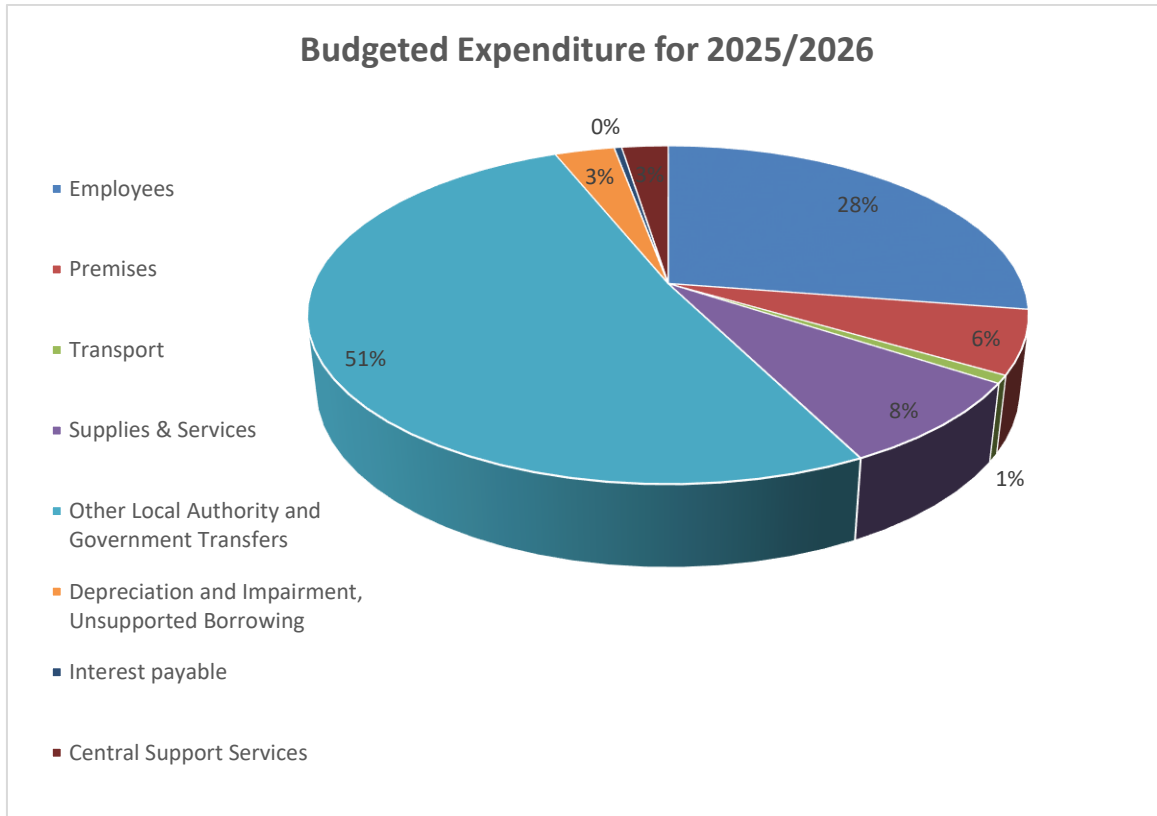
4. Cost of Services

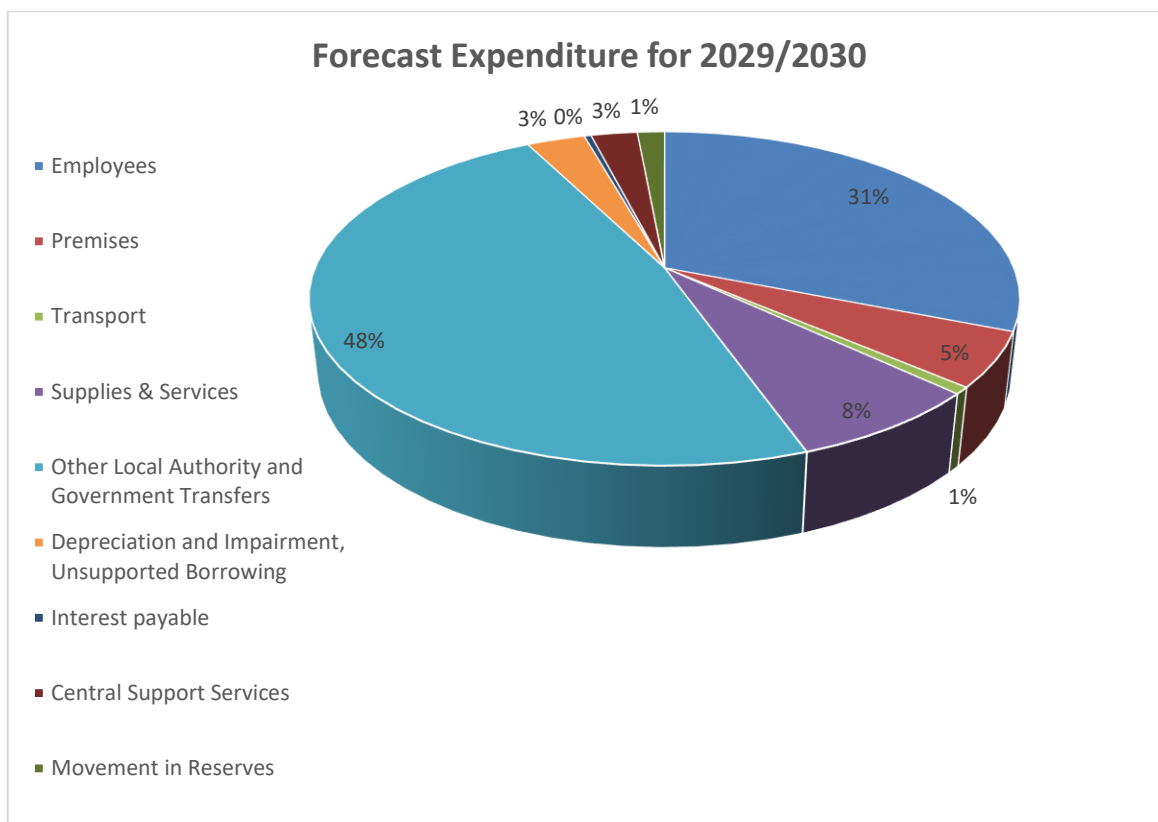
- 4.1.1 Since January 2022 inflation has increased sharply from 3% to a high of 11.1% in October 2022 and continues to fluctuate as the economy reacts to impacts nationally and globally. The Council has seen continuing increases in costs in many supplies and services across that time. The following table sets out the estimated inflationary impact included in the Medium-Term Financial Strategy across a number of key areas:

Inflation assumptions	2026-2027	2027-2028	2028-2029	2029-2030
	%	%	%	%
CPI	3.1	2.3	2.00	2.00
Bank Rate	3.50	2.50	2.00	2.00
Salaries (cost of living)*	2.50	2.50	2.50	2.50
Business rates	2.00	2.00	2.00	2.00
Electricity	1.02	0.5	2.00	2.00
Gas	Increased £92k to reflect current spend			
Water	Reduced (£67k) to reflect current spend			
Vehicle Fuel	Remain at original levels			
IDB's	5.0	2.30	2.00	2.00

- 4.1.2 The [English Devolution White Paper](#) published in December 2024, set out an expectation that all two tier areas should develop proposals for reorganisation into new unitaries. Business cases have been submitted from all Norfolk authorities, with an announcement from government as to their recommendation or decision expected in the Spring of 2026. Following which further work will be expected to deliver the reorganisation. Inevitably there will be a cost to deliver the changes necessary, with an expectation that this will be funded from existing resources. It is therefore proposed within this budget report that £0.5m is budgeted for and funded from the Council's transformation reserve. This is an estimate of the direct funding needed for 2026/2027. County-wide planning is already underway to prepare to deliver the changes need to deliver any reorganisation. This planning includes the preparation to appoint a jointly funded county-wide Strategic Partner, which will be funded by the above provision. A recommendation is made that a contract is awarded upon the conclusion of a successful procurement exercise.

4.1.3 A comparison of spend in the first and last year of the MTFS is shown in the following charts.





4.2 Changes to the Current Financial Strategy

4.2.1 The projections made previously in February 2025 for the years in the MTFS were revised as part of developing the new Financial Strategy. The table below updates those projections and shows how the revision of service costs has impacted positively on the Financial Strategy.

Financial Strategy	2025/2026 £	2026/2027 £	2027/2028 £	2028/2029 £
Estimates projection February 2025	26,329,130	26,623,140	28,183,350	29,321,220
Net adjustments as part of developing the 2024/2025 to 2028/2029 Financial Strategy	(72,030)	(1,718,061)	(1,584,550)	(1,540,720)
New Budget projection	26,257,100	24,905,079	26,598,800	27,780,500

4.2.2 The detailed service budgets of the Financial Strategy 2025/2030 are shown at Appendix 2. A detailed analysis for 2026/2027 of the changes and movements between the “Original” budget projection made in February 2025 and the “Proposed” estimates for the 2026/2027 in the 2025 to 2030 Financial Strategy is provided in Appendix 3.

4.2.3 The projection for 2029/2030 has now been prepared and is included in the Strategy. The main movements are shown in the table below:

	2028/2029 £
Borough Spend projection for 2028/2029	29,321,220
The main changes to the Plan are:	
Increase in Internal Drainage Board levies	221,040
Net impact of Insurance premium increase	114,390
Inflation on Salary costs	1,727,270
Increase in Utility costs	86,340
Other premises	461,000
Unsupported Borrowing	1,176,100
Interest receivable	(104,000)
Minimum Revenue Provision	664,000
Housing Benefit Subsidy	600,000
Customer and client receipts	(1,430,140)
Movements in reserves	(313,800)
Savings Target	(2,865,400)
Services from other authorities	159,380
Increase to supplies and services	75,000
New budget projection for 2029/2030	29,892,400

4.3 Fees and Charges 2026/2027

4.3.1 Fees and charges have been reviewed as part of the estimates process. Operating and supplier costs have continued to increase and as is reflected in the fees charged by other providers and the Council's suppliers. At the Council's budget setting meeting February 2025, a Fees and Charges Policy was adopted. This set out that future increases to the Council's discretionary and locally set fees and charges would be uplifted annually in line with CPI plus 1%. This increase has been applied at 4.1% from 1 April. The proposed charges are shown Appendix 4a.

4.3.2 The Fees and Charges Policy is included in Appendix 4b to this report. It is proposed to amend the policy to clarify two points. In practice, whilst applying an increase of CPI plus 1%, the Council applies rounding to the nearest appropriate denomination. This may result in some charges increase slightly higher and

some slightly lower than CPI + 1%. Paragraphs 4.2 and 4.7 are therefore amended to accept that there are minor variations either side of the specific increase. There is also an amendment to paragraph 5.2 to address some limited circumstances where it places the Council at a commercial disadvantage to publish its service charges. At this time, it is proposed that the council does not publish its trade waste and crematorium charges as part of this annual process.

4.4 Corporate Business Plan, Service Plans and Investment

4.4.1 On 23 November 2023 the Council approved the current corporate strategy 2023-2027 which covers the period to the next local elections due in 2027. This sets out the priorities for the new administration. The key priorities for the Council are incorporated within the following overarching themes;

- Promote growth and prosperity to benefit West Norfolk
- Protect our environment
- Support our communities
- Efficient and effective delivery of our services

4.4.2 The corporate strategy sets out the high level commitments for the Council and these are translated into deliverable actions through the annual plan each year. These are reflected in our service plans and individual employee objectives. The Financial Strategy has been developed to underpin delivery of the Annual Plan for 2026/2027.

4.4.3 The corporate strategy will be monitored and reported on regularly to allow for consideration of new or emerging issues and to ensure it remains relevant to the current needs of our communities.

4.4.4 The key areas of priority for investment as part of the Financial Strategy are as follows:

Promote growth and prosperity to benefit West Norfolk

- Work with partners to develop a shared vision for a vibrant borough
- Attract new businesses to the borough to expand the local economy
- Support the borough's new and existing businesses to grow and thrive
- Work with partners and local employers to equip our local workforce with the necessary skills and knowledge to meet current and future needs
- Maximise opportunities to transform and regenerate our high streets and heritage assets
- Increase the number of good quality new homes and associated infrastructure built through direct provision, and by working with registered social landlords and private sector developers
- Encourage private sector housing development that supports local need, delivers on local infrastructure, and meets environmental and biodiversity

requirements

- Promote West Norfolk as a desirable leisure, cultural and tourism destination
- Support a year-round programme of events, festivals and activities for residents and visitors

Protect our environment

- Lead by example by reducing our own carbon emissions and considering our impact on the climate with all our projects and initiatives
- Work with partners, locally and across Norfolk to minimise carbon emissions from new and existing properties, housing and other developments
- Support others to minimise carbon emissions by promoting good practice, providing information, and highlighting available grants from government
- Encourage active travel by reducing barriers to walking and cycling. In addition, improve EV (electric vehicles) infrastructure when appropriate grants permit
- Minimise domestic and corporate waste by encouraging reuse, recycling and responsible disposal
- Take timely and proportionate planning and environmental enforcement action to protect the West Norfolk
- Increase biodiversity where we can and create wildflower and pollinator opportunities
- Work with other agencies to manage and protect our coastline, rivers and streams and to improve sea water quality

Support our communities

- Work with partners, and provide access to leisure, cultural and outreach experiences, to reduce isolation, improve health and wellbeing, and support people to live independently at home for longer
- Tackle social and health inequalities, encourage healthy, active lifestyles and help prevent avoidable hospital admissions working with the NHS and other partners
- Seek improvements to provision of NHS dentists in West Norfolk, working with the NHS and partners
- Work with schools and colleges to improve educational opportunities, inclusion, attainment, and ambition
- Support the local voluntary sector as a vital element of the local community
- Improve access to affordable homes and work to improve the quality of rented accommodation
- Actively monitor food safety, housing standards, air quality and other statutory issues to minimise environmental health risks
- Address all types of anti-social behaviour and encourage respect for each other
- Promote and maintain attractive public open spaces across the borough for all to enjoy

Efficient and effective delivery of our services

- Provide value for money through efficient and effective service delivery
- Focus our capital expenditure on priority areas
- Manage our finances to remove any projected budget deficit over the 4-year Financial Strategy
- Provide information to local people, businesses and visitors in a timely and accessible manner
- Consult and engage with our communities, staff, parish councils and members to include measurement of how satisfied they are
- Retain a highly skilled and motivated workforce, with appropriate training and development available to support current and future corporate priorities and statutory services
- Actively and continually examine and review the way we deliver our services in-house, through our companies, through procurement and other channels to ensure they are value for money and meet the needs of our communities
- Expand our support to help parish councils with governance and to attract new members
- Undertake a review of the cabinet governance structure of the council
- Consider appropriate resources to investigate a town council for the unparished area of King's Lynn and the adoption of West Norfolk as the name of the borough
- Bring forward proposals to enable the King's Lynn Advisory and Consultative Committee (KLACC) to become a decision-making body

4.5 Performance Indicators

- 4.5.1 The Council has adopted a number of local indicators that cover various service areas and are considered to be representative measures on the performance of the Council in the key areas. The indicators are reported regularly to all Panels.

4.6 Staffing Plan

- 4.6.1 The Council actively monitors its permanent establishment at a level and reports on this via the quarterly performance report to Cabinet. Approval for additional posts is generally only given if a compensating reduction in the establishment can be offered, if the posts are subject to external funding or if the posts are required to meet new commercially funded operations where there is a clear business benefit to the borough council. Staffing is also monitored through the operation of the payroll.
- 4.6.2 Section 38 of the Localist Act 2011 requires local authorities in England to prepare, approve and publish an annual pay policy statement for each financial year. The statement must detail the Authority's policies towards a range of issues relating to the pay of its workforce, in particular it's senior staff ('Chief Officers', as defined in

the Act) and its lowest paid staff. The Act sets out requirements on the content of the pay policy statement, which must include information on the Council's policies for the coming financial year in relation to:

- The remuneration of its Chief Officers
- The remuneration of its lowest paid employees, and
- The relationship between:
 - The remuneration of its Chief Officers and
 - The remuneration of its employees who are not Chief Officers

4.6.3 The Council's Pay Policy Statement for 2026/27 is set out in Appendix 5 and has been drafted in accordance with the requirements set out by legislation.

4.6.4 Whilst it is a requirement to agree and publish a pay policy statement, each local authority, as an individual employer, retains the right to make its own decisions on pay that are appropriate to local circumstances and which deliver value for money for local tax payers. The Council's annual pay increase for all employees in previous years has been locally determined, having regard to national pay and labour market information. The Council recognises the need to balance the requirement to make financial savings with the need to recruit and retain good quality employees, as a result it has maintained restraint over the payroll through the level of pay increases awarded over the past few years as can be demonstrated in the table below.

2020/2021	2.5% and minimum pay £9.20 per hour
2021/2022	2.5% and minimum pay £9.50 per hour
2022/2023	£1,925 or 4% (whichever is greater)
2023/2024	£1,925 or 5%, minimum wage of £11.59 per hour and a non-consolidated £750 flat rate
2024/2025	£1,290 or 2.5%, minimum pay of £12.26 per hour
2025/2026	3.2%

4.6.5 With effect from 1st April 2026, the Council has agreed to adopt the National Joint Council for Local Government Services annual cost of living pay award, as determined by the national pay bargaining process on an ongoing basis. This is set out in the Pay Policy Statement (Appendix 5).

4.6.6 The Financial Strategy 2025/2030 includes a contingency sum to mitigate uncertainty around the level of pay award for 2026/2027 given the absence of any information on whether a % or lump sum amount will be offered. Once the pay award is agreed nationally and the financial implications are known, any unused contingency will be used to support the General Fund Reserve.

4.7 Financing Adjustment

4.7.1 The Financing Adjustment is an account used to budget for interest earned on investment and interest paid on debt. The account also contains charges for

revenue expenditure funded from capital under statute (REFCUS) e.g. the cost of disabled facilities grants, although considered to be capital items are charged to revenue as part of the cost of services. These adjustments ensure that depreciation and REFCUS charges that are simply 'book entries' meant to properly show the 'true' cost of a service, are not passed on to the council taxpayer.

	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030
	£	£	£	£	£
Interest Charged for Unsupported Borrowing	(310,700)	(430,470)	(457,000)	(451,300)	(701,900)
External Interest Payments	382,000	1,382,000	382,000	382,000	382,000
Internal Interest Payable	10,000	10,000	10,000	10,000	10,000
External Interest Receipts - investment	(419,630)	(374,530)	(482,500)	(463,500)	(462,800)
Minimum Revenue Provision	844,880	936,800	1,190,500	1,530,300	1,706,800
REFCUS	2,212,170	2,212,170	2,212,170	2,212,170	2,212,170
Interest Receivable (West Norfolk Housing Company)	(176,080)	(174,510)	(173,300)	(171,000)	(171,000)
TOTAL	2,542,640	3,561,460	2,681,870	3,048,670	2,975,270

4.7.2 Interest rates – The UK Bank Rate is currently at 3.75%. Whilst inflation had dropped to 3.2% in November 2025, it has since crept up to 3.4% as at December 2025. This is having a knock on impact on decisions made by the Bank of England to reduce the interest rates meaning that they are not falling in line with earlier market expectations. This has had an impact on both the interest paid on borrowing and our interest received on investment income.

4.7.3 The future of the timing of changes in rates remains uncertain in the current economic climate. Any changes in rates that affect the financing adjustment will continue to be monitored and updated during the year in the monthly monitoring reports.

4.8 Internal Drainage Boards

4.8.1 Internal Drainage Boards (IDB) levies are paid by the Council to the various Boards. The levies count as spending of the Council, but no contribution is made by Government as part of the financial settlement. Any increase in the levies has an impact on the council taxpayer who picks up the residual costs. Because of reductions in Revenue Support Grant over the years, any increase in IDB levies

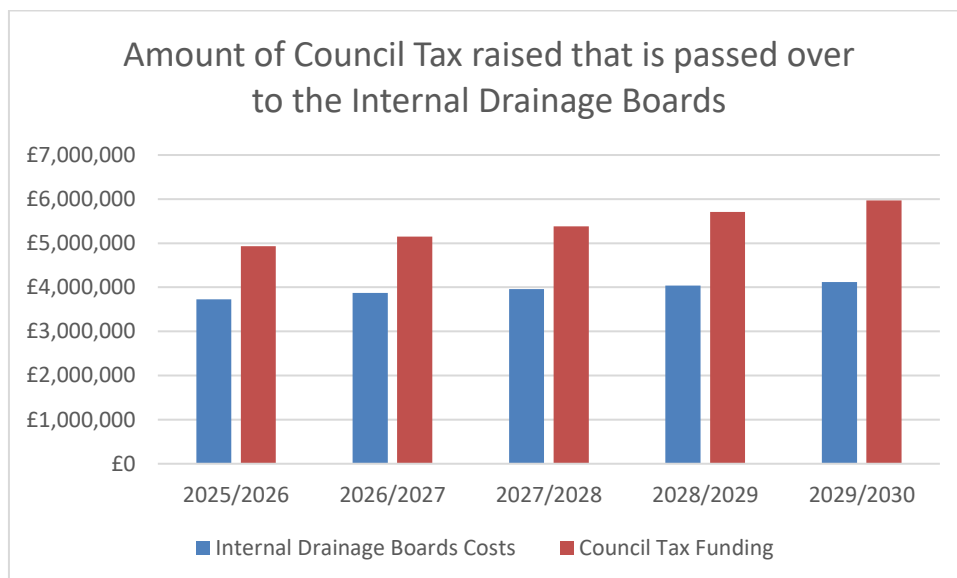
going forward will have to be met from council tax or cost savings. The budget of £3,870,951 for 2026/2027 is based on estimated inflationary increases (as discussed with Drainage Boards) of approximately 5% for inflation. These estimated precepts are listed in Appendix 6.

- 4.8.2 The following shows how much of the council tax (excluding the additional income from second homes premium) to be collected by the authority (based on Council Tax Band D property charge) is estimated¹ to be paid across to Internal Drainage Boards the current year 2025/2026 and estimated for 2026/2027:

	2026/2027		2025/2026		Increase/(Decrease) per Band D Property	
Internal Drainage Boards	£67.54	43%	£65.81	43%	£1.73	2.63%
Borough Council	£89.90	57%	£87.06	57%	£2.84	3.26%
Total	£157.44	100%	£152.87	100%	£4.57	2.99%

¹ The above is based on estimated increases notified by Internal Drainage board. The figure may change, when all IDBs have approved their own budgets.

The chart below shows the Council Tax funding compared to Internal Drainage Boards costs.



4.9 Special Expenses / Council Tax Support to Parishes

- 4.9.1 The Local Government Finance Act 1992 stipulates that any expenses incurred by the authority in performing in a part of its area a function performed elsewhere by a parish council are the authority's special expenses unless a resolution of the authority to the contrary effect is in force. Special expenses are charged across a number of towns and parishes for closed churchyards, footway lighting, community halls, emptying of dog bins, playing fields and open spaces.
- 4.9.2 In 2013 changes made by Government on the arrangements for the payment of benefit for local council tax support through the reduction in council tax base had an impact on the level of both parish/town precepts and special expenses charges that could be made on the council tax bill.
- 4.9.3 As a consequence of estimated inflation increases for 2025/2026, the cost of services provided to towns and parishes has increased beyond the amounts that the Council is able to collect under its own Council Tax powers. The Provisional limits for 'Referendums Relating to Council Tax Increases' are explained in Paragraph 3.7.10. The cost of providing services to towns and parishes under Special expenses is included in the MTFS at £1,063,950, whilst the amount that can be collected via Council Tax is £959,870. A shortfall of £104,080, which for 2026/2027, the Council will have to absorb into its own costs. The Council is considering the arrangements for these related services as part of the savings and efficiency proposals to support closing the budget gap in future years.

4.9.4 Details of the revised costs to be set for each parish/town currently subject to special expenses together with the Band D charge are shown at Appendix 7.

4.10 General Fund Balance and Reserves

4.10.1 Over the past years the Council has held its general fund working balance higher than usual to provide for time to properly assess the impact of service reviews to offset the reductions in the formula grant. The use of balances to assist in a planned and measured response to the reduction in Government grants and poor economic environment has proved to be a necessary action.

4.10.2 The introduction of the new formula funding/business rates retention scheme in 2013/2014 transferred a significant risk from Central Government to the Council. The scheme allowed the Council to benefit from the growth of business rates by retaining an element of the income; however it also introduced the risk of losing funding if there was any reduction in the business rates list, or has transpired in the Fair Funding Assessment, a redistribution or reset of that cumulative growth previously retained.

4.10.3 The Financial Strategy requires a drawdown from balances from 2026/2027 onwards in order to "balance the budget".

	2025/2026 £	2026/2027 £	2027/2028 £	2028/2029 £	2029/2030 £
Estimated Contribution To/(From) General Fund Balance to balance the budget	(1,657,270)	(429,770)	(2,675,229)	(5,907,911)	105,590

4.10.4 Whilst it is good working practice and part of risk management to hold reserves to cushion the impact of unforeseen events and as a means to building up funds to meet known or predicted requirements, there are costs associated with holding levels of funds. Although these funds are used to deal with uneven cashflow, invested or used instead of borrowing and they therefore bring in income or avoid the cost of interest charges, they serve no other purpose if they remain unused over long periods of time. Council tax should not be set to establish significant sums of money that sit on a balance sheet and do not serve the public in any other way. This means that the levels of holdings should be properly justified.

4.10.5 The operation of the General Fund working balance does support the Financial Strategy and the level of council tax throughout and is reduced at the end of that period to just above the minimum level required to be held.

4.10.6 The use of reserves and demands on the accounts are regularly monitored. Any adjustments that could be made without raising a level of risk to the financial

standing of the Council are reviewed and reported regularly.

4.10.7 Cabinet reviewed the Earmarked Reserves balances and limits at its meeting 24 July 2025 as part of the 2024/2025 outturn report. The limits have been considered against current reserve balances. It is proposed that limits are amended as per appendix 8 to this report, to accommodate possible receipts from capital disposals.

4.10.8 Current and Proposed Reserve limits.

Reserves Policy Area	Forecast balance 1 April 2026	Current Minimum balance to be held £'000	Current Maximum balance to be held £'000	Proposed new maximum balance to be held £'000
	£'000	£'000	£'000	£'000
Amenity Areas	52	20	100	100
Capital Programme Resources	10412	1300	7,500	16,000
Insurance Reserve	284	50	250	300
Restructuring Reserve	0	0	300	300
Repairs and Renewals Reserve	1510	500	2,000	2,000
Holding Accounts	1562	200	3,000	3,000
Ring Fenced Reserves	6881	50	7,000	7,000
Climate Change Strategy	345	0	600	600
Planning Reserves	719	0	500	800
Grants Reserves	3587	0	4,000	4,000
Collection Fund Adjustment Reserve	4154	0	5,500	5,500
Projects Reserve	3184	0	4,500	4,500
Other Total	309	0	300	350
	32,999	2120	35,550	44,450

4.10.9 The Council's Policy on Earmarked Reserves and General Fund Balance is reviewed annually as part of the Budget report to Council and sets out why reserves are held and the minimum and maximum acceptable levels of the accounts. The Policy on Earmarked Reserves and General Fund Balance is attached at Appendix 8.

4.11 Budget Requirement 2025/2026

4.11.1 The Borough Requirement is a figure that comes from the total net costs of spending on services plus Internal Drainage Board levies plus the Financing Adjustment and plus the costs of special expenses and council tax support to parish councils. The final part of the calculation is the addition for any transfer to

or from reserves and the use of general fund balances.

- 4.11.2 In 2026/2027 the Budget Requirement for the Council is £24,475,309. This sum is to be met from Government Formula Funding, any Collection Fund surplus and Council Tax.

5 Parish Precepts

- 5.1 Parish and Town Councils within the borough request the Council to collect Council Tax on their behalf and pay over the sums requested as a Parish Precept. The total of the precepts must be added to the Council's budget but it is shown separately on Council Tax bills.
- 5.2 The Provisional Financial Settlement 2025 has again confirmed that the Government will not set referendum principles for town and parish councils. This is subject to the sector taking all available steps to mitigate the need for Council Tax increases. In 2025/2026, the average Band D parish precept in West Norfolk increased by 6.27%. (7.4% nationally¹).

¹ [Council Tax levels set by local authorities in England 2025 to 2026 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/council-tax-levels-set-by-local-authorities-in-england-2025-to-2026)

6 Full Council Tax 2026/2027

- 6.1 In order to calculate the full Council Tax for 2026/2027 it will be necessary to add the County Council, Police Authority and parish precept requirements to the Council's element as previously shown.

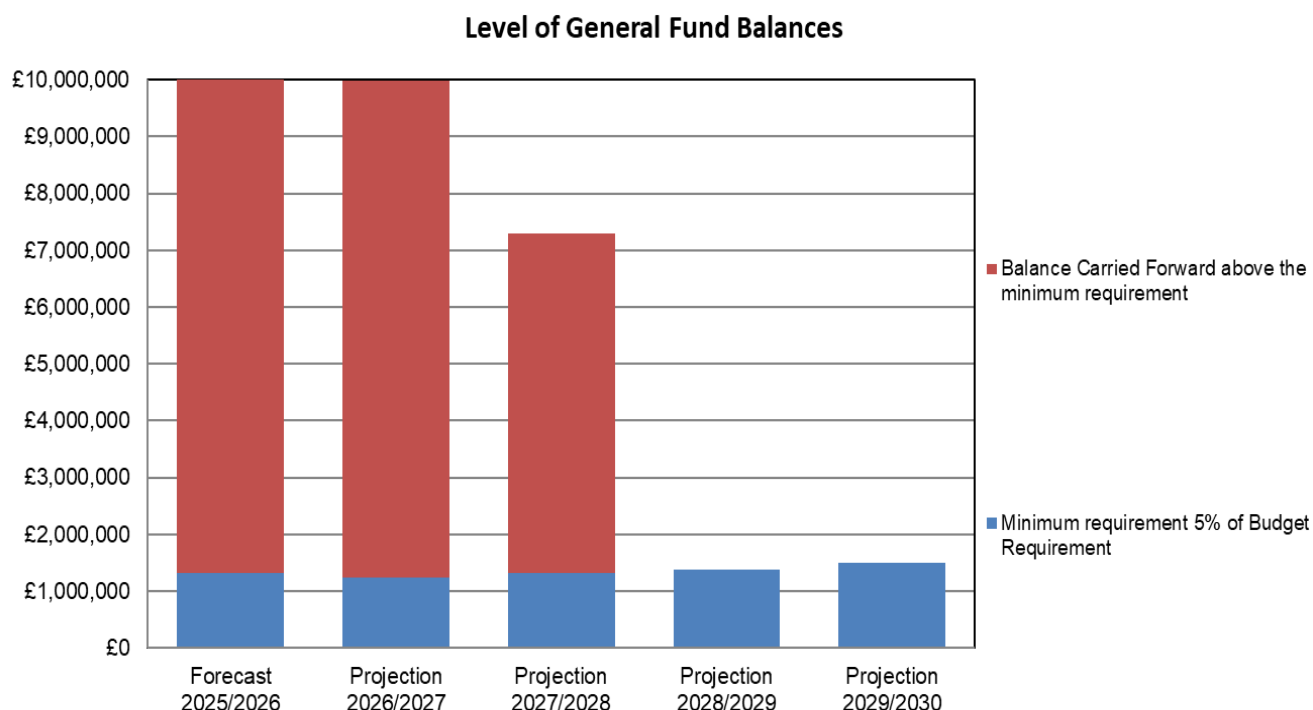
7 General Fund Financial Overview

- 7.1 This part of the report deals with the Council's General Fund balance based on the proposed Financial Strategy 2025/2030. The projected position for the period of the Financial Strategy is provided in the following table.

Projected Movements in General Fund Balances:

Projected Movements in General Fund Balances	2025/2026 £	2026/2027 £	2027/2028 £	2028/2029 £	2029/2030 £
Opening Balance	8,208,570	10,401,940	9,972,170	7,296,941	1,389,030
Pension Lump Sum Replenishment	1,810,000	0	0	0	0
Estimated contribution to / (from) GF Fund Budget	383,370	(429,770)	(2,675,229)	(5,907,911)	105,590
Closing Balance	10,401,940	9,972,170	7,296,941	1,389,030	1,494,620

- 7.2 The chart below shows how the General Fund Balances are used over the period of the Financial Strategy with the balance in 2028/2029 reducing to the 5% minimum requirement.



- 7.3 Section 25 of the Local Government Act 2003 requires the S151 Officer, as part of the Council Tax setting process, to comment as to the adequacy of the Council's Balances.
- 7.4 The General Fund balance remains above the minimum level required for all years in the Plan. The minimum requirement is calculated by taking 5% of the Budget Requirement.
- 7.5 The projected General Fund balances held by the Council are in the opinion of the S151 Officer adequate for the Council's operational needs until 2028/2029. Target savings will need to be identified and achieved prior to 2028/2029 to address the estimated budget gap and mitigate potential risk and uncertainty around levels of Government funding going forward.

8 Capital Strategy

- 8.1 The CIPFA revised 2021 Prudential and Treasury Management Code now requires all local authorities to prepare a Capital Strategy which will provide the following;

- A high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
 - An overview of how the associated risk is managed
 - The implications for future financial sustainability.
- 8.2 The Capital Strategy aims to complement other key documents such as the MTFS, the Asset Management Plan, the Council's Strategic Plan, and Treasury Management Strategy, etc. by defining the approach, structure and governance for the effective management of the Council's capital investment needs and ambitions.
- 8.3 The Strategy is presented separately to Cabinet on 3 February 2026. The core categories include:
- Governance process;
 - Knowledge, awareness and skills;
 - Strategy (asset management, service asset planning, commercial property investment);
 - Technical property (valuations, leases);
 - Technical finance (sensitivity analysis, risk assessment, borrowing, depreciation and componentisation).

9 "Robustness" of Budget Estimates

9.1 Purpose and Statutory Context

Under Section 25 of the Local Government Act 2003, the Council's Section 151 Officer is required to report to Members on the robustness of the estimates included in the budget and the adequacy of reserves when the authority is setting its budget and council tax.

This section provides Members with assurance regarding the content of the Financial Strategy, the assumptions used, and the processes applied in preparing the estimates that underpin the Medium-Term Financial Strategy (MTFS) for the period 2025/26 to 2029/30. It should be read in conjunction with the full report, its appendices, and the Capital Strategy and Treasury Management Strategy also presented as part of the annual budget framework.

9.2 Content of this Report

The Financial Strategy and MTFS set out in this report include:

- A detailed revenue budget for 2026/27;
- Forecasts for income, expenditure, funding and reserves for the period to 2029/30;
- Assumptions relating to government funding, including the provisional three year settlement;

- Projections for business rates, council tax, inflation and pay;
- Identified savings, efficiencies and income generation proposals;
- The planned use of reserves to support financial sustainability across the medium term; and
- An assessment of key financial risks, including those arising from funding reform, inflation, business rates reset and Local Government Reorganisation.

The estimates have been prepared having regard to the Council's statutory obligations, corporate priorities, and the requirement to set a balanced and lawful budget.

9.3 Approach to Budget Setting and Estimation

The budget and forward projections have been prepared through a robust and structured process, including:

- Review and challenge of base budgets by finance officers in conjunction with service managers;
- Use of the most up to date information available at the time of preparation, including the Provisional Local Government Finance Settlement announced in December 2025;
- Application of prudent and realistic assumptions in relation to inflation, pay awards, fees and charges, council tax base and collection rates;
- Sensitivity to known risks, particularly in areas such as business rates, internal drainage board levies, energy costs and funding reform; and
- Corporate and member scrutiny through budget monitoring, Cabinet consideration and the wider budget consultation and engagement process.

Where there is uncertainty, assumptions have been made on a cautious basis to avoid overstating income or understating costs.

9.4 Key Assumptions and Uncertainty

The financial estimates reflect significant areas of external uncertainty, including:

- Final confirmation of the Local Government Finance Settlement and Fair Funding Assessment;
- The impact of the business rates reset and revaluation from April 2026;
- The future treatment of retained income streams, including renewable energy business rates;
- Inflationary pressures and the outcome of national pay negotiations; and
- Cost and timing implications arising from Local Government Reorganisation.

These risks are recognised within the MTFs, and where appropriate, mitigated through the use of contingencies, reserves, conservative forecasting and ongoing monitoring.

9.5 Deliverability of the MTFS

The MTFS is dependent on the successful delivery of the savings and efficiency proposals, income generation initiatives and transformational activity set out within the report.

Arrangements are in place to ensure deliverability, including:

- Regular monitoring of budget performance and savings delivery;
- Clear accountability for delivery of proposals through management and governance arrangements;
- Ongoing review of service delivery models and contract arrangements;
- Consideration of invest to save opportunities where appropriate; and
- Member oversight through performance reporting and scrutiny.

Progress against the MTFS will continue to be reported through the Council's established financial and performance management framework, enabling early identification of issues and the implementation of mitigating action where required.

9.6 Adequacy of Reserves

The estimates include planned use of the General Fund balance over the medium term. The level of reserves has been assessed against:

- The scale and complexity of the Council's operations;
- The key financial risks and uncertainties facing the authority;
- The phased nature of funding reductions and reforms; and
- The need to maintain financial resilience and manage unforeseen events.

The General Fund balance remains above the Council's minimum required level of 5% of the budget requirement throughout the period of the MTFS. Earmarked reserves are reviewed annually, have defined purposes, and are considered appropriate given the current risk profile.

9.7 Section 151 Officer's Opinion

Having reviewed the Financial Strategy, the assumptions used, the savings proposals identified, and the level of reserves available, the Section 151 Officer is of the opinion that:

- The estimates included within the budget and MTFS are robust;
- The assumptions applied are reasonable and prudent, given the information available at this time; and
- The proposed level of reserves is adequate to support the Council's financial position and manage risk, subject to the continued delivery of the MTFS and the ongoing identification of savings beyond 2027/28.

Members are therefore advised that the budget has been prepared in accordance with the Council's statutory duties and represents a sound basis on which to set the Council Tax for 2026/27.

10 Budget Consultation and Engagement

- 10.1 A survey was conducted about the Council's budget. The objectives for seeking views on the council's budget plans were to:
- Engage with key stakeholder groups and local residents;
 - Understand resident priorities for different areas of the council's work; and
 - Seek views on general spending and income generation priorities.
- 10.2 The survey was promoted through the council's website, social media channels and in local media. The survey ran for four weeks from 29 September to 26 October. There were responses from 546 people, from a wide and generally representative demographic.
- 10.3 Waste and recycling collection was identified as residents' most important priority, followed by anti-social behaviour and crime, managing coastal change and flood risk. They would be more open to the idea of making savings on action on climate change, options for walking and cycling, support for community groups and charities, and maintaining local culture, heritage and free events.
- 10.4 Nearly all residents supported, at least to some extent, the suggestions that people could make more use of self-service for simple requests, such as address changes, and that the Council should save money by making more use of digital communications. They also supported the Council exploring the possibility of sharing its buildings with other organisations to save money.
- 10.5 The survey results also showed that people in the Borough want financial decisions about their services to be made locally. More than half of respondents wanted the Borough Council to be able to set council tax to meet local needs instead of being capped nationally.
- 10.6 The Council arranged to meet with representatives of the business and voluntary sector community on 14 January 2026 to seek their opinions. However, this meeting was cancelled due to lack of interest.
- 10.7 Staff briefings will be provided in January/February 2026. This report will be made available to staff and comments will be sought. Trade union representatives will also be sent a copy of the report. Any comments arising as from this process will be reported to Council.
- 10.8 As part of the budget process a Joint Panel Meeting will be held on 28 January 2026 and the draft minutes from the meeting will be presented to Cabinet on 3

February 2026.

Acknowledgement

The preparation of this budget has only been possible after considerable effort, research and co-operation of many officers from all sections of the Council.

Michelle Drewery
Assistant Director Resources (S151 Officer)

Access to Information

Cabinet Reports
Financial Strategy 2024-2029
Capital Programme 2024-2029
Budget Monitoring Reports 2025/2026

Finance Settlement

The suite of supporting documents for the provisional local government finance settlement 2026/2027 can be found by clicking on the following link:

[Provisional-local-government-finance-settlement-england-2026-to-2027](#)

[English Devolution White Paper - GOV.UK](#)

Appendix 1 - Medium Term Financial Strategy 2025 to 2030

	Forecast Budget 2025-26	Original Forecast Budget 2026-27	Proposed Estimate 2026-27	Proposed Estimate 2027-28	Proposed Estimate 2028-29	Proposed Estimate 2029-30
Central Services	4,389,330	4,585,790	4,779,700	4,981,700	5,182,800	5,329,700
Environment and Planning	2,327,970	2,512,500	2,592,260	2,478,500	2,750,200	2,728,700
Health, Wellbeing and Public Protection	541,490	528,770	556,480	636,100	771,700	896,000
Legal, Governance and Licensing	2,411,990	2,379,260	2,540,700	2,482,500	2,548,900	2,640,700
Leisure and Community Facilities	1,840,420	1,770,260	1,605,490	1,742,400	1,770,800	1,763,900
Operations & Commercial	629,720	(14,320)	(153,140)	(92,000)	(229,000)	824,600
Programme and Project Delivery	(629,290)	(840,630)	(845,160)	(889,900)	(910,900)	(925,100)
Property and Projects	(1,373,000)	(1,329,940)	(1,291,150)	(1,184,600)	(1,129,600)	(1,073,500)
Regeneration, Housing & Place	1,550,320	1,639,690	2,049,180	2,426,000	2,380,600	2,177,200
Finance - Deputy S151	8,295,730	8,917,930	8,872,050	9,479,400	9,791,900	10,626,000
Financing Requirement	2,542,640	2,709,530	4,106,940	3,289,500	3,679,700	3,650,100
Internal Drainage Board	3,729,780	3,819,300	3,870,591	3,959,600	4,038,800	4,119,500
Cost of Services	26,257,100	26,678,140	28,683,941	29,309,200	30,645,900	32,757,800
Savings Target			(1,000,000)			
Savings Plan	-	-	(2,778,862)	(2,710,400)	(2,865,400)	(2,865,400)
Borough Spend	26,257,100	26,678,140	24,905,079	26,598,800	27,780,500	29,892,400
Contributions to/(from) Reserves	383,370	(1,657,270)	(429,770)	(2,675,229)	(5,907,911)	105,590
Borough Requirement	26,640,470	25,020,870	24,475,309	23,923,571	21,872,589	29,997,990
New Homes Bonus	(293,360)	-	-	-	-	-
Revenue Support Grant	(1,052,270)	-	-	-	-	-
Funding Settlement	-	-	(13,674,523)	(12,437,280)	(11,180,000)	(11,180,000)
Other Government Grants	(1,496,680)	(1,643,700)	(1,778,700)	(2,145,800)	(2,129,200)	(2,129,200)
Government Funding	(2,842,310)	(1,643,700)	(15,453,223)	(14,583,080)	(13,309,200)	(13,309,200)
Taxation						
Business Rates (NNDR)	(14,971,290)	(14,411,050)	-	-	-	-
<i>Council Tax Band D</i>	<i>152.87</i>	<i>157.37</i>	<i>157.44</i>	<i>162.15</i>	<i>167.00</i>	<i>171.99</i>
<i>Council Tax Base</i>	<i>56,674</i>	<i>56,974</i>	<i>57,305</i>	<i>57,605</i>	<i>57,905</i>	<i>58,205</i>
Council Tax	(8,826,870)	(8,966,120)	(9,022,086)	(9,340,491)	(9,669,870)	(10,010,596)
Total Funding	(26,640,470)	(25,020,870)	(24,475,309)	(23,923,571)	(22,979,070)	(23,319,796)
Funding Position	-	-	-	-	1,106,481	6,678,194