

# **The Medium Term Financial Strategy 2024/2029**

**As submitted to the  
Cabinet**

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# The Medium Term Financial Strategy 2024/2029

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## **The Medium Term Financial Strategy - 2024/2029**

### **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 2024 the Council approved its Medium-Term Financial Strategy and set its budget for the financial year 2024/2025. A significant budget gap was identified in 2024/2025 which could be managed through the use of reserves. However, the indicative position outlined for the period 2025/2026 to 2027/2028 forecast an unfunded budget gap totalling £9.227m.
- 1.3 This report sets out the Council's Finance Strategy for the financial year 2025/2026 and provides an update to the Medium-Term Financial Strategy (MTFS) forecast position for the period covering 2024/2029.
- 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. Following the General Election in July 2024, which resulted in a change in Government administration, it has since been announced that a further one-year finance settlement will be provided for 2025/2026 with a strengthened commitment to multi-year settlements from 2026/2027 onwards following the outcome of an upcoming Spending Review. This is outlined in the HM Treasury Report [Autumn Budget 2024 Fixing the Foundations to Deliver Change](#).
- 1.5 The Ministry of Housing, Communities and Local Government (MHCLG) released the Local Government Finance Policy Statement for 2025 to 2026 on 28 November 2024. The report stated that "Government is under no illusion about the scale of the issues facing local government, and we won't shy away from the challenge. We know that the demand for, and cost of, services has increased significantly – and that this has made the job for councils in recent years much harder. We are taking immediate action to address these challenges. We will target money towards areas with greater need and demand for services and less ability to raise income locally". Government have set out that they want to fundamentally improve the way councils are funded by building on the previous review of relative needs and resources and a reset to the business rates retention system from 2026/2027. The aim is to match funding to where it is needed most. It is expected that a number of grants will change or be discontinued as a result of this.
- 1.6 As stated in the previous Medium-Term Financial Strategy, the Council took a view to use reserves to close the funding gap which was in response to the previous Governments request that local authorities 'consider how they can use their reserves to maintain services'. However, this was only a short term measure and increased reliance on reserves in the early years of the Strategy. It was never a

solution to resolving the deficit in future years where the unfunded budget gap remained.

- 1.7 Ensuring financial sustainability is now a key issue facing the majority of local authorities. Continuous reductions in core funding and ongoing uncertainty on local funding reforms add further pressure on the Council to achieve a sustainable financial position. Interest rates and inflation also impact on this Financial Strategy. Inflation impacts on the predictability for forecasting the cost of utilities and other supplies and services that the Council accesses to provide its services. This means that any savings or income generating options can quickly be outweighed by increased costs which may in turn require difficult decisions thereby adding to the impact of cost of living increases to the Councils services users.
- 1.8 Business Rates Revaluation and Retention Scheme – the Government have set out its intention to apply a full reset to the scheme from 2026/2027. This means that authorities will receive a new recalculated baseline funding level assessed as to meet each authorities needs. This will mean that any growth achieved since the scheme began in 2013 will be redistributed. The Government is proposing that transitional arrangements will be put in place to manage the impact of any potential 'cliff edges'.
- 1.9 In the Autumn Statement released on 30 October 2024 the government announced:
  - the small business multiplier will be frozen at 49.9p
  - the standard multiplier will be uprated in April 54.6p to 55.5p
- 1.10 Business Rates Retention from Growth is currently projected to be £1,067,770 in 2025/2026. However, there can be no guarantee that business growth will materialise as developers/businesses will respond to changing market conditions, and there is the added uncertainty of inflation. 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. Any delay or deviation from the anticipated growth will result in income levels falling below those currently forecast.
- 1.11 The current business rates retention scheme allows the authority to retain 100% of rates in respect of renewable energy. This is currently projected to be £3,186,040 of income in 2025/2026. This is another area of considerable risk if the Government makes changes to current policy on this part of the business rates retention scheme as the council could lose a significant portion of this income.
- 1.12 The Norfolk authorities have opted to continue with the Business Rates Pool arrangement for 2025/2026. A Memorandum of Understanding (MOU) sets out how growth retained by the pool is allocated across Norfolk Authorities. There has been a change in the allocations which results in an improved position for this council for 2025/2026.

- 1.13 The provisional Local Government Settlement was announced on 18 December 2024 and included the following government grants:-
- Revenue Support Grant (RSG).
  - Recovery Grant (new grant following removal of Rural Services Delivery Grant)
  - Funding Floor Grant (following changes to grant allocations)
  - One year payment of New Homes Bonus
  - Domestic Abuse Safe Accommodation Grant (following changes to grant allocations)
  - Internal Drainage Board Grant (allocations not yet known)
  - National Insurance Grant (allocations not yet known)
  - Business Rates Levy Surplus (allocations not yet known)
- 1.14 This Medium Term Financial Strategy demonstrates the Council is moving towards a much stronger and sustainable financial position. The report presents a funded budget for all four years, with 2025/2026 being fully met through income generation rather than reliance on reserves as seen previously (see Appendix 1). The General Fund Reserve Balance is projected to deplete over the medium term. However, the expected gap is much reduced from levels seen in the previous MTFS where there was not sufficient reserves to cover the latter years. Now, each year can be funded and there remains an estimated balance of £1.8m in reserve which covers the minimum reserve level required. The council will continue working on proposals to bring forward to improve this position further. Whilst this is a significant improvement for the Council in its aim to achieve financial sustainability, the uncertainty in the funding projections in future years remains. 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.
- 1.15 The Council approved the 2023/2028 Financial Strategy at its meeting 7 February 2024. The Financial Strategy 2024/2029 has been developed to replace this and revises many of the assumptions that were made in the 2023/2028 plan. Appendix 3 details the changes and movements in budget from that previous plan.
- 1.16 The Government's focus is on 'Fixing the Foundations to Deliver Change' which aims to allocate funding where it is needed most. The provisional financial settlement for 2025/2026 announced on 18 December 2024 sets out Councils' 'core spending power' in England will increase in real terms by 3.5%. However, there is no change to the overall core spending power total as published for this authority when compared to 2024/2025. However, as set out in the report there are other grants outside of CSP where allocations are yet to be announced. It should also be noted that the core spending power tables published by Government for each Council assumes that Shire District Councils will introduce the maximum amount of either 3% or £5 per annum per Band D dwelling Council Tax increase permitted under the Council Tax Referendum Principles.
- 1.17 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 £3.479m to be delivered in 2025/2026 which delivers a fully funded budget for the year and puts the Council in a strong position to deliver a funded budget in the remaining years instead of placing reliance on the use of depleting reserves. Work will continue to evaluate and bring forward other proposals during the year to support future years of the MTFs.

- 1.18 As approved by Council on 28 February 2023 the MTFs includes a final repayment to the general reserves in respect of an early payment option on the pension lump sum which saved the Council £351k compared to the annual payment of the lump sum. The next review of the pension fund is due for 2026/2027. An increase in the assumptions is reflected in the budget from 2026/2027 onwards.
- 1.19 The costs for Council services have been updated. Inflation forecasts have been updated into 2025/2026 where appropriate and includes Council employee costs, utility costs and other supplies and services that the Council requires to provide its services.
- 1.20 On 30 July 2024 Cabinet resolved that the governance and operation of Alive West Norfolk is to be returned to in-house council management. This is currently being progressed for implementation from 1 April 2025. AWN Board are currently reviewing budget proposals for 2025/2026. This budget currently assumes a cost neutral position with the removal of the £412k Management Fee which will be fully offset by savings made in year. The budget will be updated ahead of Full Council following budget discussions with the Board.
- 1.21 The Government's Office for Budgetary Responsibility (OBR) predicted a sharp drop in inflation following the 41 year high of 11.1% (CPI) in October 2022. The OBR in their forecast as at May 2024 forecast inflation to fall to 1.1% in the first quarter of 2025 and then rise and remain at a steady 1.6% throughout the remainder of 2025/2026. Whilst inflation had dropped to 1.7% in September 2024, it has since crept up to 2.6% as at November 2024 which is above market expectations, mainly due to a shift upwards following the rise in the energy price cap in October 2024. Inflation affects the Councils running costs but also individuals and business in the Borough. Due to the volatile nature of forecasting for inflationary increases, this has led to a cautious approach when projecting funding and costs within the budget.
- 1.22 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). The discretionary fees and charges of the Council have been kept below inflation or frozen in previous years whilst operating and supplier costs had markedly increased. For 2025/2026 a review has been undertaken and in general an increase of approximately 7.57% has been applied to the Council's discretionary fees. This increase will align the Council's fees and charges with where they would

have been had they been kept in line with inflation over the last 5 years. There are some areas where a different rate has been applied due to other factors.

- 1.23 In order to maintain fees and charges at a realistic and acceptable level going forward, the Council has developed a Fees and Charges Policy which sets out its aim and strategy for charging fees and the basis of reviewing those fees annually or within the financial year. The Council reviews its fees in services where there are inflationary pressures or an ability to benchmark fees to align with other suppliers.
- 1.24 The Financial Strategy 2024/2029 (see Appendix 1) demonstrates that the Council can present a balanced budget position for 2025/2026 due to the incorporation of the savings proposals as set out in the report. However, there is a budget gap in excess of £1.7m to address in 2026/2027 which increases each year thereafter. Whilst the planned approach for the use of the General Fund Reserve balance has always been to support the revenue budget, the reliance on this resource has significantly reduced in the early years of the Medium-Term Financial Strategy. However, there is still some risk to delivering the savings proposals in full and with the uncertainty of Government funding levels from 2026/2027, there remains the case for keeping the reserves balance at an appropriate level.
- 1.25 The figures shown in the Financial Strategy for 2024/2029 include a £4.50 per annum per Band D dwelling increase in council tax for each year of the plan. The overall £5 increase permitted under the Council Tax Referendum Principles includes the £4.50 per annum per Band D dwelling increase in council tax to cover the Borough expenditure and an increase of £0.50 per annum to cover the expenditure contained within the budget of Special Expenses for the unparished areas of the Borough.
- 1.26 There remains significant uncertainty and risk from 2026/2027. As set out throughout the report, the Government intends to implement its changes to how local authorities are funded from 2026/2027. The Funding Review will determine the starting point for resource allocations under the Business Rates Retention scheme. This Council will continue to support strong representations 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 could mean we face a larger budget gap from 2026/2027 onwards and the general fund reserve depletes earlier than currently estimated.
- 1.27 A summary of the recommendations in the report is shown below:

**Recommendation 1**

**It is recommended that Council note the revision to the Forecast for 2024/2025 as set out in the report.**

**Recommendation 2**

**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 3**

**It is recommended that Council :**

- 1) Approves the budget requirement of £26,329,130 for 2025/2026 and notes the projections for 2026/2027, 2027/2028 and 2028/2029.**
- 2) Approves the Fees and Charges 2025/2026 detailed in Appendix 4a and 4b and approves the new Fees and Charges Policy at Appendix 4c**
- 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 £152.87 for 2025/2026.**

**Recommendation 4**

**It is recommended that Council approves a minimum requirement of the General Fund balance for 2025/2026 of £1,316,460 (5% of estimated budget requirement).**

**Recommendation 5**

**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 2025/2026.**



# **The REVENUE BUDGET 2024/2025**

## 2 The Revenue Budget 2024/2025

- 2.1 The budget for 2024/2025 was presented to Cabinet on 7th February 2024 and approved by Council on 22nd February 2024 in accordance with the process for approving the financial plan 2023 - 2028.
- 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 an adverse movement in the reserves of £308,946 against a budgeted transfer of £2,199,130 decreasing the estimated balance as at 31<sup>st</sup> March 2025 to £7,899,630.

Revenue	Approved budget 2024/2025	Forecast budget position 2024/2025	Forecast Variance 2024/2025
	£	£	£
Borough Spend	26,930,950	27,525,496	594,546
Financing	(24,731,820)	(25,017,420)	(285,600)
Contributions to/(from) General Fund Reserve	(2,199,130)	(2,508,076)	(308,946)

- 2.3 The following table compares the period to 30 September 2024 to the original budget for 2024/2025. Any variances are reported to Members in monitoring reports throughout the year.

Q2 Forecast Outturn Position	Approved budget 2024/2025	Forecast budget position 2024/2025	Forecast Variance 2024/2025
Service	£	£	£
Central Services	3,713,440	3,748,440	35,000
Chief Executive	55,000	55,000	-
Environment and Planning	2,285,260	2,595,260	310,000
Health Wellbeing and Public Protection	1,120,410	1,126,050	5,640
Legal, Governance and Licensing	978,140	978,140	-
Leisure and Community Facilities	2,428,740	2,449,740	21,000
Operations and Commercial	2,484,690	2,566,980	82,290
Programme and Project Delivery	(195,370)	(191,870)	3,500
Property and Projects	(1,366,970)	(1,366,970)	-
Regeneration Housing & Place	1,501,480	1,452,060	(49,420)

Q2 Forecast Outturn Position	Approved budget 2024/2025	Forecast budget position 2024/2025	Forecast Variance 2024/2025
Resources	8,493,860	8,680,396	186,536
Financing Adjustment	1,929,380	1,929,380	-
Internal Drainage Boards	3,502,890	3,502,890	-
<b>Borough Spend</b>	<b>26,930,950</b>	<b>27,525,496</b>	<b>594,546</b>
Contributions to/(from) General Fund Balance	(2,199,130)	(2,508,076)	(308,946)
<b>Borough Requirement</b>	<b>24,731,820</b>	<b>25,017,420</b>	<b>285,600</b>

- 2.4 Any further variances between the revised budget and actual outturn for 2024/2025 will be shown in Monitoring Reports for the remainder of the financial year and in the Final Accounts Outturn Report for 2024/2025.
- 2.5 The net impact of the projected outturn 2024/2025, as detailed above, on the overall level of General Fund balance is as follows:

Projected Movements in General Fund Reserve Balance	2024/2025 £
<b>Revised balance brought forward 1 April 2024 (following 23/24 audit)</b>	<b>8,597,706</b>
Estimated contribution to/(from) General Fund Reserve	(2,508,076)
Pension lump sum replenishment	1,810,000
<b>Projected General Fund Balance 31 March 2025</b>	<b>7,899,630</b>

- 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 2024/2025 as set out in the report.**

# **The Financial Strategy 2024/2029**

### 3 The Medium-Term Financial Strategy 2024/2029 - Funding

#### 3.1 Revenue Support Grant (RSG)

3.1.1 The provisional local government finance settlement was announced for consultation on the 18 December 2024 confirming the funding of a one-year settlement for 2025/2026. MHCLG has allowed for a 3.6% increase on RSG for 2025/2026. However, it is also clear that there will be fundamental changes to grants from 2026/2027 so it is assumed that this grant will be replaced through a new grant as set out in Section 3.2.

3.1.2 The RSG funding that BCKLWN will receive is set out in the table below (compared to current year allocation). The following grants were combined into Revenue Support Grant in 2023/2024 and deemed to still be included in the allocation for 2025/2026:-

- The Family Annexe Council Tax Discount grant (£75,100); and
- Local Council Tax Support Administration Subsidy grant (£164,000).

Receipt of Funding	RSG £
2024/2025	(1,015,164)
2025/2026	(1,052,270)
2026/2027	0
2027/2028	0
2028/2029	0

#### 3.2 Other Government Funding

3.2.1 MHCLG also announced the following funding as part of the provisional settlement figures for 2025/2026 (compared to current year allocations):

Grant	2024/2025	2025/2026	Changes
Rural Services Delivery Grant (Ended)	628,535	0	Grant ceased and repurposed to support areas that need it most
Funding Guarantee Grant (Ended)	520,418	0	Grant ceased. Only ever intended to be short term.
Service Grant (Ended)	38,339	0	Grant ceased and repurposed to support Governments ambition to reduce number of small funding pots.
New Homes Bonus	338,621	293,369	Final year of current scheme - one year payment only
Recovery Grant (New)	N/A	552,330	One off grant targeting need using deprivation as a proxy

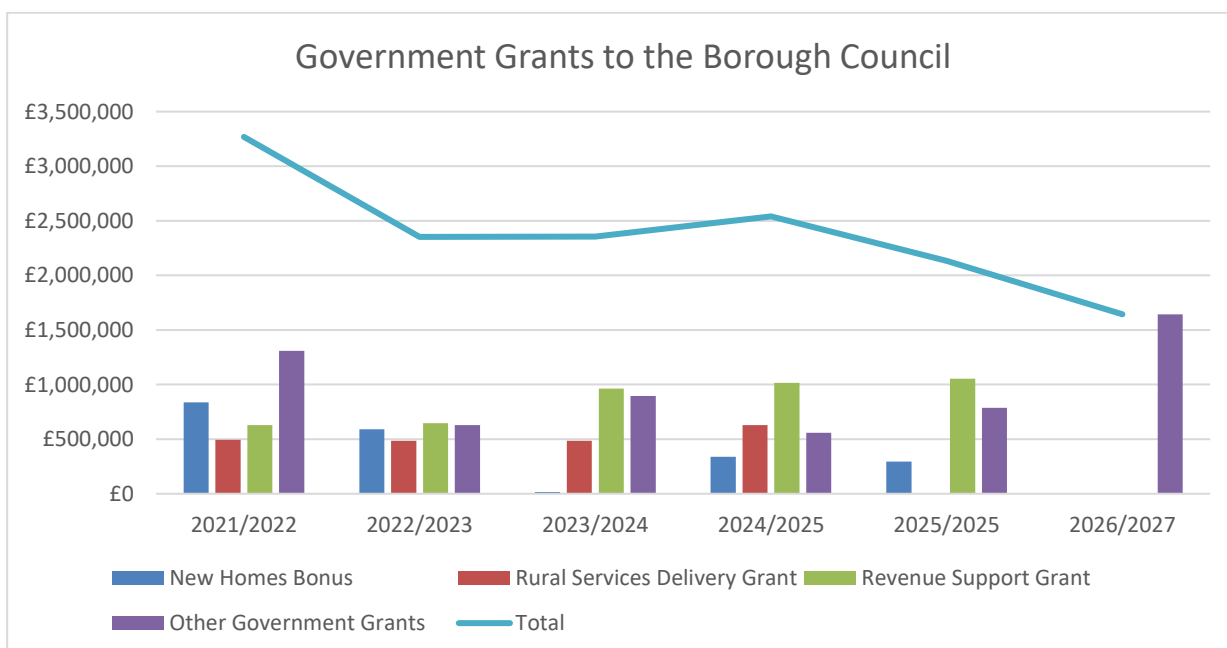
Funding Floor Grant (New)	N/A	198,912	Guarantee that no authority will see a reduction in their Core Spending Power after taking into account increase in Council Tax levels
Domestic Abuse Safe Accommodation Grant	N/A	35,808	Existing grant now consolidated as new separate line in settlement figures
<b>Total</b>	<b>1,525,912</b>	<b>1,080,419</b>	

3.2.2 The provisional settlement also states that further funding will be announced as part of the final settlement figures. These include the following grants. In the absence of any certainty on these amounts, a prudent allocation has been included in the budget. The budget will be updated for any confirmed allocations prior to Full Council approval of the MTFS:

- Internal Drainage Board Fund (allocation from £3m total Grant available) – £150,000
- National Insurance Funding – to compensate local authorities for the Governments decision to increase the employers NI contribution rate - £219,470 based on 40% of total cost

3.2.3 Due to the significant changes in Government funding anticipated, the grant funding will be held at £1.6m for the remainder of the medium term (from 2026/2027 onwards).

3.2.4 The following chart summarises the decreasing availability of government grant to the borough Council from funding settlements.



### 3.3 Addressing the Funding Gap in 2026/2027

3.3.1 The Financial Strategy in previous years has been reliant upon drawdown from the general fund reserve balance. The forecast budget for 2025/2026 was reliant on a drawdown of £4m from the general fund reserve balance and then a further £1.6m before it was depleted to minimum levels. This still left an unfunded gap in 2026/2027 of £3.3m to be addressed. 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 bringing spend in line with income for 2025/2026. This means that being able to set a balanced budget position, the general fund reserve balance can be held for its intended purpose which is to help mitigate for unforeseen circumstances that may arise.

3.3.2 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.

- A significant area of uncertainty on future budgets identified during 2022 was the cost of gas and electricity. The Council has mitigated the impact of rising utility costs through investment in alternative technologies such as air and ground source heat pumps and solar panels. The Council also purchases its utilities through a government purchasing consortium which enables the benefits of larger purchasing power and purchasing future supplies at lower costs. A review of use and future prices for 2025/2026 against current budget provision has resulted in the below favourable revisions to budget:

	<b>Original Budget</b>	<b>Proposed Budget</b>	<b>Reduction</b>
	<b>2025/2026</b>	<b>2025/2026</b>	
	£	£	£
Gas	255,480	192,990	<b>(62,490)</b>
Electricity	1,525,880	1,219,820	<b>(306,060)</b>
<b>Total</b>	<b>1,781,360</b>	<b>1,412,810</b>	<b>(368,550)</b>

- 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.
- 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 higher than average 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 2024/2025. This budget proposes the target is held at £1m for 2025/2026 and reduced back to £550,000 thereafter. The staff turnover will continue to be monitored alongside recruitment timescales and challenges to mitigate where possible impact on resources and service delivery.

### 3.4 Transformation Programme and Savings/Efficiency Proposals

3.4.1 As set out in 3.3.1, in developing this Financial Strategy, the Council has carried out an exercise to identify opportunities for savings and efficiencies and further income streams to close the budget gap for 2025/2026 and reduce the gap considerably for the remaining years in the MTFS.

3.4.2 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.

	<b>2025/2026</b> £	<b>2026/2027</b> £
More efficient systems and processes	136,000	136,000
More efficient use of the Council's buildings	15,000	15,000
Optimise income streams - including improved cost recovery of chargeable services, council tax premiums on second/empty homes, grant income and review of rental incomes.	2,846,500	2,265,000
Reduction of some operating budgets reflecting reducing spend and changed ways of working.	254,000	360,000
Savings identified in services through reduction in vacant posts, more efficient systems and processes	227,000	227,000
Space utilisation - more efficient use of the Council's buildings to enable increased commercial income.	-	50,000
<b>Total</b>	<b>3,478,500</b>	<b>3,053,000</b>



- 3.4.3 The Council has also been actively developing a Transformation Framework which will enable the council to be the best possible council it can be, ensuring that the council is effective and operates efficiently so that it can deliver the Council's strategic ambitions. A report was presented to Cabinet on 14 January 2025 which sets out the programme of works and how the Transformation Programme will be governed. It is expected that this programme will formally commence on 1 April 2025 and will span over 2 years.
- 3.4.4 It is expected that there will need to be investment in order to progress with transformation. However, this is expected to be on an invest to save basis.
- 3.4.5 As can be seen in Appendix 1 and set out throughout this report, the savings proposals outlined above only serve to close the budget gap for 2025/2026. Further work will continue during 2025/2026 to progress other opportunities with a view of closing the remaining gap of £1.7m in 2026/2027 ahead of next years budget setting process.
- 3.4.6 This budget also covers the Council's approach to setting fees and charges. This is covered in Section 4.3.

### **3.5 Retained Business Rates**

- 3.5.1 The baseline business rates funding allocation was announced on 18 December 2024. The Government has specified that the Small Business multiplier and Standard multiplier are independent of each other and can be uprated separately. In addition all businesses with a RV under £51,000 will have their bill calculated using the Small Business multiplier. For 2025/2026, the Small Business multiplier remains frozen at 49.9p, however the Standard multiplier is uprated from 54.6p (2024/2025 rate) to 55.5p.
- 3.5.2 We will receive compensation in lieu for the loss of business rates due to the freeze in the Small Business multiplier and are awaiting confirmation of the amount. It is therefore assumed that by taking this into account the allocation will be in line with expectations in the current plan.
- 3.5.3 Rateable Values (RVs) are reviewed and updated by the Valuation Office. This now takes place every three years. The latest RVs came into effect in April 2023 and the next revaluation is due in 2026. The revaluation redistributes the rates burden and is nationally cost neutral. A transitional relief scheme is applied which spreads the cost of large increases in business rates bills at a revaluation.
- 3.5.4 The Government has set out its intention to deliver a fair business rates system that protects the high street and incentivises investment and will be introducing permanently lower business rate multipliers for high street retail, hospitality and leisure properties from 2026/2027 which is aimed to be funded by a higher multiplier for properties with a rateable value of over £500,000. However, until

then the following relief is confirmed for 2025/2026:

- A discount for all eligible retail, hospitality and leisure businesses, regardless of their rateable value, at 40% in 2025/2026, subject to a cash cap of £110,000 per ratepayer.

3.5.5 A pooling arrangement has been agreed for the 2025/2026 financial year. The financial benefit to Norfolk as a whole (from the current 50% Business Rates Retention Scheme) is estimated at £8.9m representing the additional growth that will be retained locally and shared between the District Councils and County Council. This Councils contribution is estimated at around £2.136m of which we will see 50% returned to us which is an improvement from the agreement in the current year where we receive approximately £44% return. As this is expected to be the last year under the current Business Rates Scheme, the funds are incorporated into the budget to support delivery of a balanced budget in 2025/2026.

3.5.6 In the Local Government Finance Policy Statement published on 28 November 2024, Government confirmed its intention for 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 implications of a full reset is that any growth achieved above the baseline since the system was introduced in 2013 will be redistributed according to a new updated formula based on needs. The council has benefitted from retained growth and expects this will have a detrimental impact on the business rates figures in the budget from 2026/2027. It is difficult to forecast with any certainty what this means financially. However, Government are also proposing transitional arrangements are put in place to minimise risks of the funding reforms on local authorities which will include the reset. A technical consultation on the proposals for the Business Rates Retentions System is due to be published in early 2025 which will provide more detail.

3.5.7 The current baseline funding for 2025/2026 is the amount that was published on 18 December 2024 as part of the Provisional Local Government Finance Settlement for 2025/2026. The business rate assumption included in the Financial Strategy 2024/2029 is shown in Appendix 1.

3.5.8 In preparing the Financial Strategy 2024/2029 there are no assumptions for any new growth in business rates from 2025/2026 onwards. However, there can be no guarantee that any business growth will materialise as developers/businesses will respond to changing market conditions, and there is the added uncertainty of inflation. 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. Any delay or deviation from anticipated growth will result in levels falling below current forecast.

- 3.5.9 The current business rates retention scheme allows the authority to retain 100% of rates in respect of renewable energy. This is currently projected to be £3,186,040 of income in 2025/2026. This is another area of considerable risk if the council loses some or all of this income as part of the Government reforms to the Business Rates Retention Scheme from 2026/2027 onwards.

### **3.5.10 Collection Fund Surplus/Deficit – Retained Business Rates**

The Council's 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. Movements in the business rates base, such as new and deleted properties, successful appeals and refunds all affect the estimate and the final outturn position.

The surplus or deficit on the Collection Fund is distributed amongst the major preceptors and a proportion will apply to the Council. There is currently no surplus included in the Financial Strategy for business rates. This will be reviewed each year as more information becomes available on business rates funding. Any differences between the Collection Fund and the budget are managed through the Collection Fund Reserve.

## **3.6 New Homes Bonus**

- 3.6.1 The government have announced a new round of New Homes Bonus payments as part of the Provisional Finance Settlement for 2025/2026 and are not intending to change the method for calculating the payments for 2025/2026. The threshold over which the bonus is paid remains at 0.4 per cent.
- 3.6.2 The allocation to the Council for 2025/2026 is £293,369 which is a reduction of £45,251 compared to 2024/2025. The payment includes a premium payment for the level of affordable units completed in the area.
- 3.6.3 The Government have stated that 2025/2026 will be the final year of the scheme in its current format and councils should consider this in their financial planning. The Government will consult on detailed proposals for arrangements beyond 2025/2026 in the first half of 2025. As the Scheme is funded through a topslice of the Revenue Support Grant, it is expected that this will cease to exist and Government will replace existing grants with a system that allocates all settlement funding under a new methodology although there is a possibility that through wider spending review decisions, a housebuilding incentive outside the settlement may emerge.

## **3.7 Collection Fund Surplus – Council Tax**

- 3.7.1 In setting council tax each year there is an assumption made on the level of collection that will be achieved. In addition, new properties come into the tax base

during the year and increase the tax base above that used in the Financial Strategy. The additional council tax income achieved during the year is then distributed in the following year as a surplus on the Collection Fund. BCKLWN up to 2019/2020 had been holding and distributing high Collection Fund surpluses and had a particular impact on Norfolk County Council. As a result of this it was agreed with the County Council that the tax base would be calculated on 100% collection rate from 2019/2020.

- 3.7.2 This approach should result in a distribution in-year of Collection Fund income and a minimal level of surpluses being held in the Collection Fund. Where the Collection Fund falls into a deficit position, this will be recovered from the precepting authorities in the following year and the collection rate assumptions for future budget setting will be reviewed.
- 3.7.3 The borough council's share of the Collection Fund surplus/deficit is not shown in the Medium Term Financial Strategy as it is expected to be minimal and difficult to forecast with any certainty due to the impact of the economy on council tax arrears and property construction in the Borough.
- 3.7.4 We are also seeing a reduction in any surplus in the Collection Fund as the growth in the tax base continues to more accurately reflect the tax base estimate and the period of uncertainty of impacts from inflation comes to an end.

### 3.8 Council Tax

- 3.8.1 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

- 3.8.2 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

3.8.3 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.

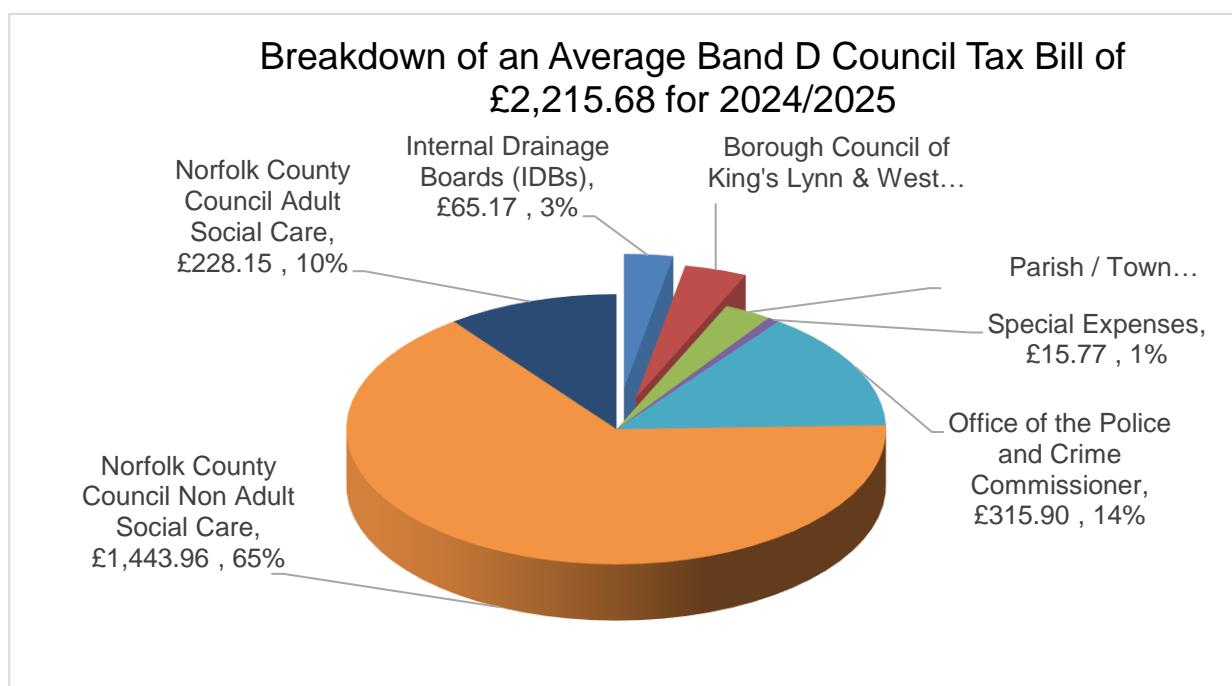
3.8.4 The full tax base for 2024/2025 is 53,748. For 2025/2026 the tax base is assumed to be 56,674, an increase of 2,927 Band D equivalent properties. This is a significant increase on previous years which is mainly due to the implementation of a 100% council tax premium for Second Homes as per the report to Council on 30<sup>th</sup> January 2025 'Council Tax Discounts and Premiums for Empty Properties and Second Homes'. For the remaining years of the Financial Strategy the assumption is that the tax base will rise by the equivalent of 300 Band D properties per annum.

### 3.8.5 Council Tax 2024/2025

The Borough Council element of the full council tax bill in 2024/2025 for a Band D property is £148.37 out of a total of £2,215.68 (including the average parish and special expenses charge). The following graph shows the separate elements of the bill and it is clear that of a Band D charge in 2024/2025 the Borough Council's charge forms a very small part of the overall bill (£83.20, 3.8% of a Band D Council Tax bill) collected from every council taxpayer. The balance from the £148.37 is collected for Internal Drainage Boards (£65.17, 2.9% of a Band D Council Tax bill).

### Council Tax Levels – Band D

3.8.6 The table below shows the elements of a council tax Band D charge of £2,215.68 for 2024/2025.

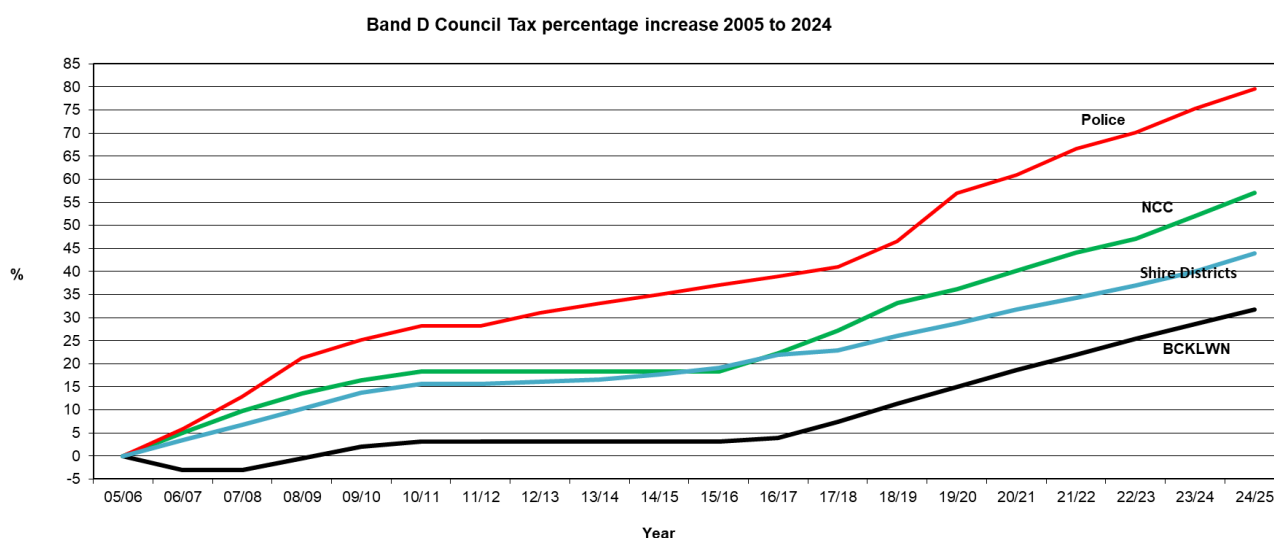


2024/2025	Average Band D	%
Internal Drainage Boards <sup>1</sup>	£65.17	2.9%
Borough Council of King's Lynn & West Norfolk <sup>1</sup>	£83.20	3.8%
Parish / Town Councils (Average)	£63.53	2.9%
Special Expenses (Average)	£15.77	0.7%
Office of the Police and Crime Commissioner	£315.90	14.3%
Norfolk County Council Non-Adult Social Care	£1,443.96	65.2%
Norfolk County Council Adult Social Care	£228.15	10.3%
<b>Total</b>	<b>£2,215.68</b>	<b>100.0%</b>

<sup>1</sup>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.

3.8.7 Over the period since April 2005 the Council has held council tax to a level where in 2024/2025 the cumulative Band D charge of £148.37 amounts to an increase of 36.5% 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 2024/2025 has been 48.3%. The Consumer Price Index (CPI) has increased by over 52% across the same period (and Retail Price Index over 71%). 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.

3.8.8 The graph below shows how the various elements of the council tax bill in West Norfolk have increased over the period 2005/2006 to 2024/2025. The increase in the County Council precept from 2020/2021 includes the additional permitted increase for Adult Social Care.



## Council Tax 2024/2025 and Future Years

- 3.8.9 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.
- 3.8.10 The Provisional limits for 'Referendums Relating to Council Tax Increase (Principles) (England) Report 2025/2026' published on 18 December 2024 state that for the borough council the principles for 2025/2026 no more than :
- (a) 3%, or more than 3%, greater than its relevant basic amount of council tax for 2024/2025; and
  - (b) more than £5 greater than its relevant basic amount of council tax for 2024/2025.
- 3.8.11 The figures shown in the Financial Strategy for 2024/2029 include a £4.50 per annum per Band D dwelling increase in council tax for each year of the plan. The overall £5 increase permitted under the Council Tax Referendum Principles includes increases in special expenses and the Borough precept.
- 3.8.12 The Borough Council proposed levels of council tax for 2025/2026 are:

<b>Band</b>	<b>2025/2026</b>
	<b>£</b>
A*	84.93
A	101.91
B	118.90
C	135.88
D	152.87
E	169.86
F	220.81
G	254.78
H	305.74

\* The Council reduces the charge to a property classed as Band A to £84.93 per annum when it is eligible for Disabled relief (5/9<sup>th</sup> of Band D).

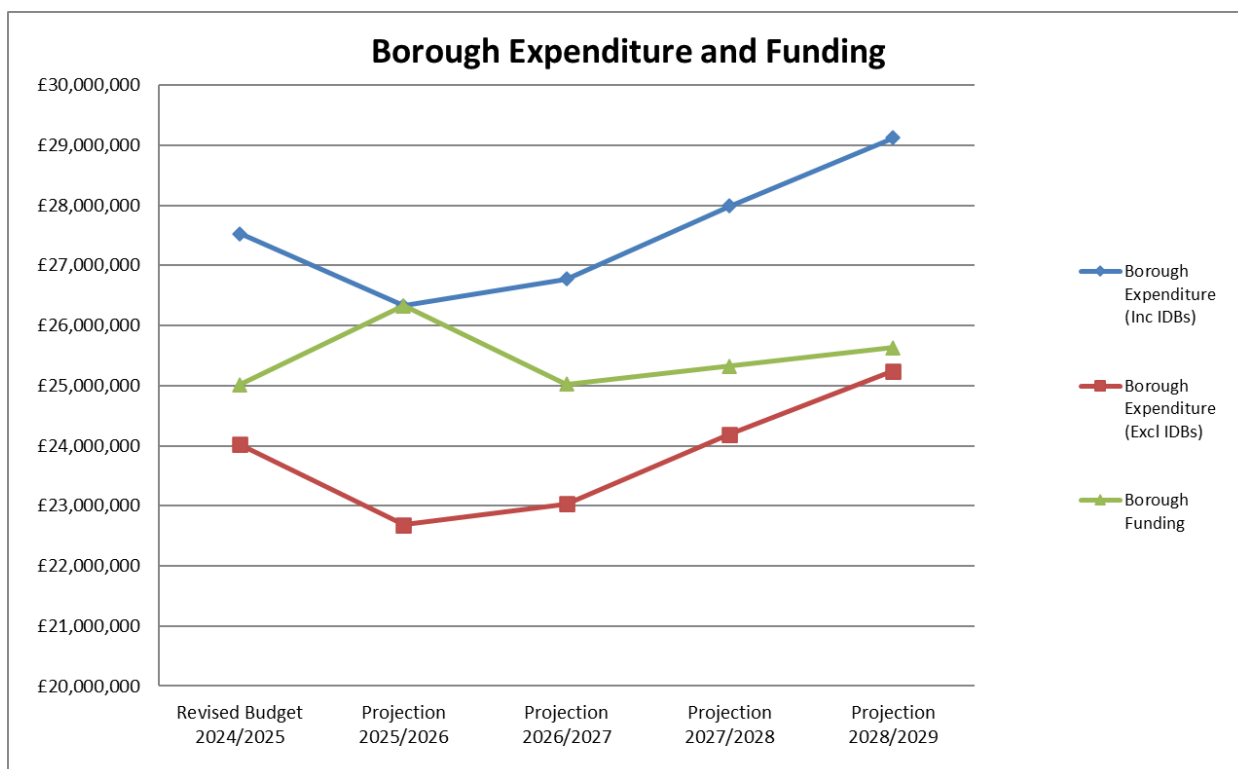
## 3.9 Overall Funding Position

- 3.9.1 In the Local Government Finance Policy Statement (dated 28 November 2024), MHCLG has set out the intention to change the current funding system for local

authorities to enable local government to focus on its priorities. A one year settlement was announced for 2025/2026 along with a firm commitment to move to multi year settlements from 2026/2027 as part of the funding reforms which will inform local authority funding based on an assessment of the best available evidence. A full reset to Business Rates growth has also been announced. Changes to the Revenue Support Grant, Rural Services Delivery Grant alongside other grant funding announcements is set out in more detail at section 3.2.

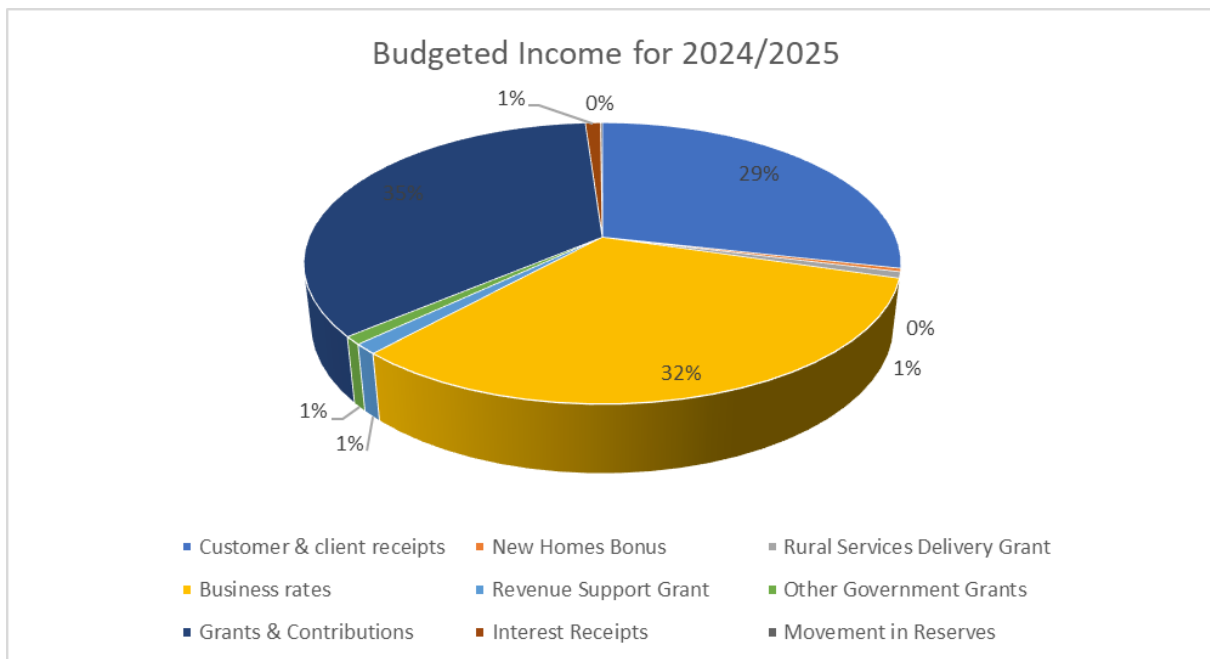
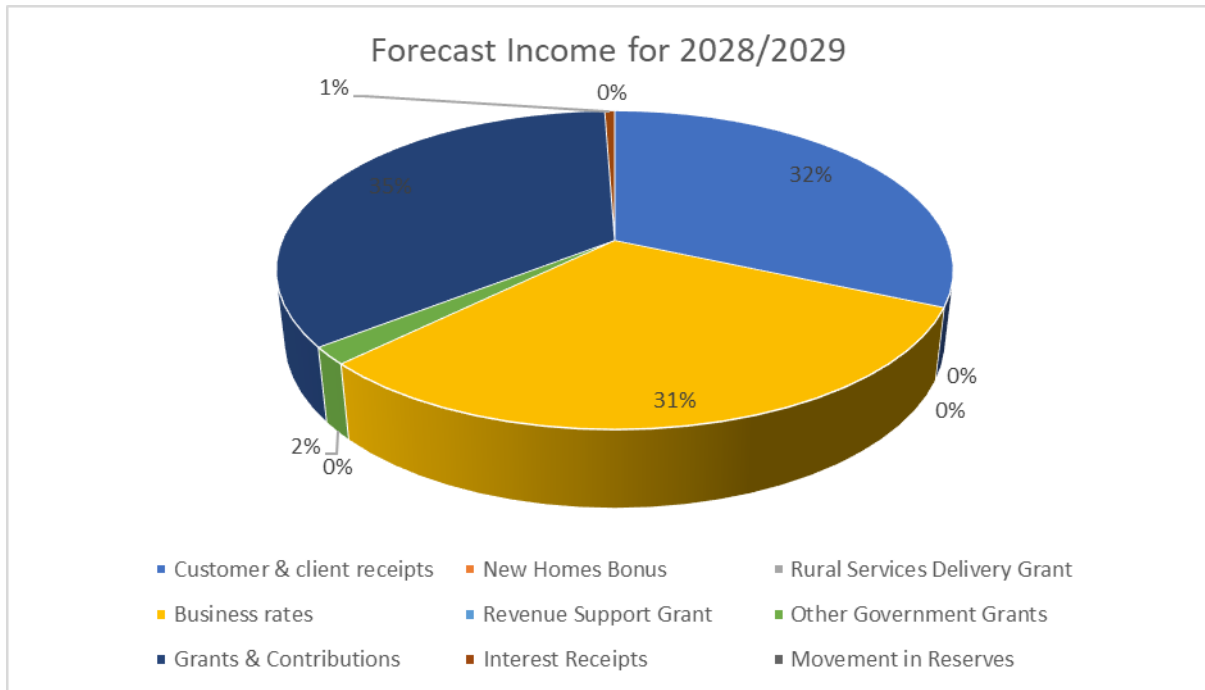
3.9.2 The council has previously highlighted the potential significant risks from any implementation of funding reforms by Government. However, this risk has not yet materialized with the numerous repeated delays to reforms each year. Following the publication of the Local Government Finance Policy, there is now more certainty and commitment that these reforms will be implemented from 2026/27 and consultation on these changes has already commenced. The aim of these reforms is to allocated funding to where it is needed most and to simplify numerous Government grants.

3.9.3 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.





3.9.4 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.

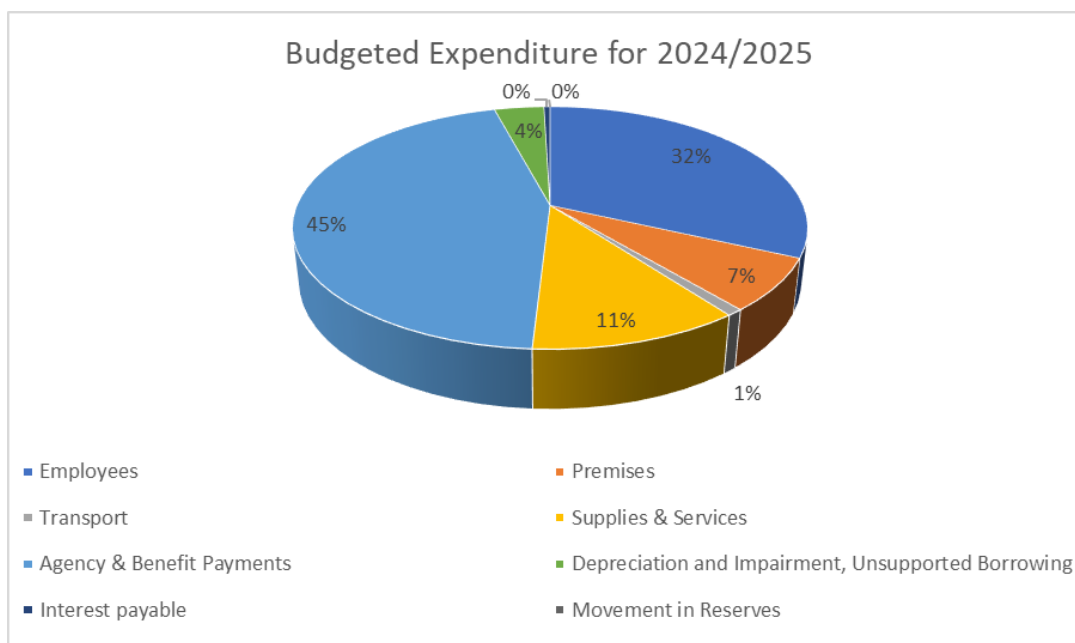


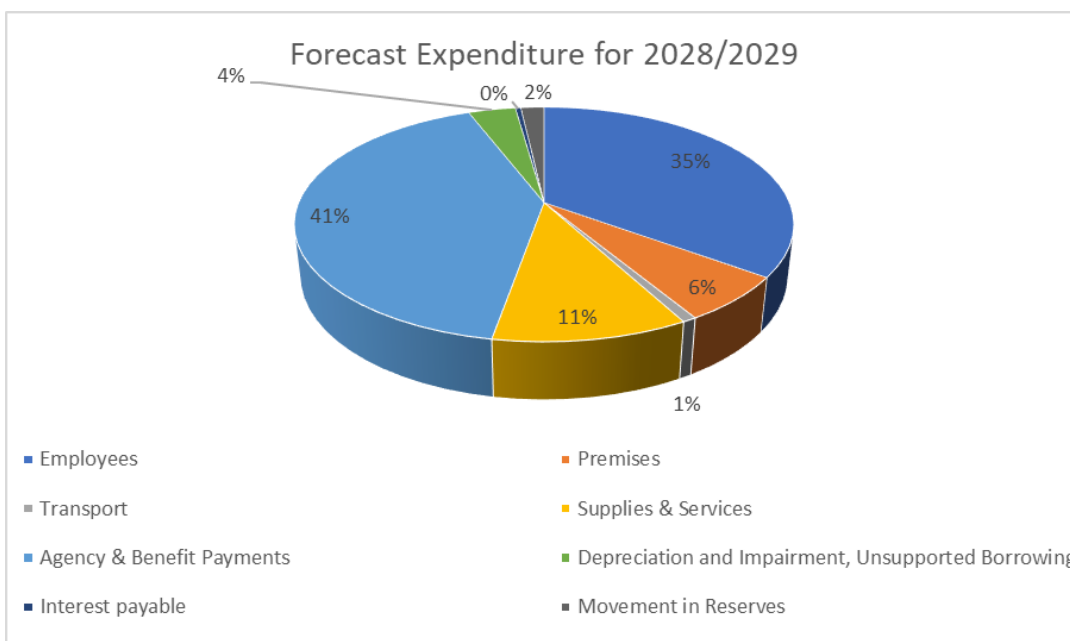
## 4. Cost of Services

4.1.1 In previous years inflation remained low, but since January 2022 it has increased sharply from 3% to 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 in recent years. The following table sets out the estimated inflationary impact included in the Medium-Term Financial Strategy across a number of key areas:

Inflation assumptions	2025-2026 %	2026-2027 %	2027-2028 %	2028-2029 %
CPI	2.57	2.40	1.83	2.00
Bank Rate	4.00	3.25	3.00	3.00
Salaries (cost of living)*	2.50	2.50	2.50	2.50
Business rates	2.00	2.00	2.00	2.00
Electricity	(9.54)	2.40	1.83	2.00
Gas	17.40	2.40	1.83	2.00
Water	2.57	2.40	1.83	2.00
Vehicle Fuel	2.57	2.40	1.83	2.00
IDB's	2.57	2.40	1.83	2.00

4.1.2 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 for the years 2024/2025, 2025/2026, 2026/2027 and 2027/2028 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	2024/2025 £	2025/2026 £	2026/2027 £	2027/2028 £
<b>Estimates projection February 2024</b>	<b>26,930,950</b>	<b>28,150,640</b>	<b>29,518,670</b>	<b>30,798,600</b>
Net adjustments as part of developing the 2024/2025 to 2028/2029 Financial Strategy	594,550	(1,821,510)	(2,748,000)	(2,808,520)
<b>New Budget projection</b>	<b>27,525,500</b>	<b>26,329,130</b>	<b>26,770,670</b>	<b>27,990,080</b>

\*Quarter 2 - 2024/2025 Monitoring

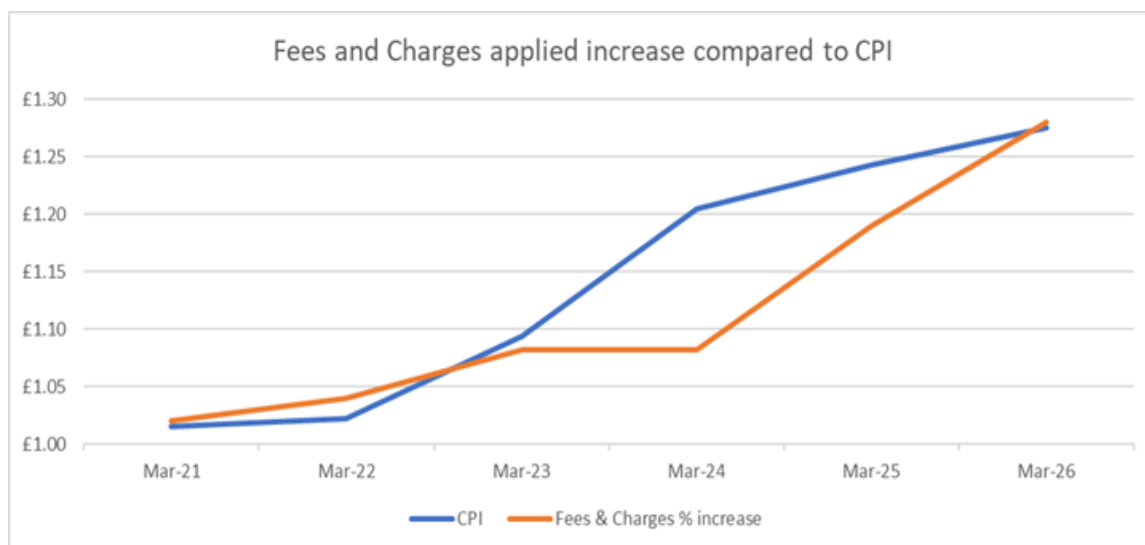
4.2.2 The detailed service budgets of the Financial Strategy 2024/2029 are shown at Appendix 2. A detailed analysis for 2025/2026 of the changes and movements between the “Original” budget projection made in February 2024 and the “Proposed” estimates for the 2025/2026 in the 2024/2029 Financial Strategy is provided in Appendix 3.

4.2.3 The projection for 2028/2029 has now been prepared and is included in the Strategy. The main movements are shown in the table below:

	<b>2028/2029</b>
	<b>£</b>
<b>Borough Spend projection for 2027/2028</b>	<b>30,798,600</b>
The main changes to the Plan are:	
Increase in Internal Drainage Board levies	105,980
Net impact of Insurance premium increase	245,650
Inflation on Salary costs	1,166,240
Decrease in Utility costs	(354,630)
Other premises	21980
Decrease of leased car charges	(38,770)
Refuse and recycling grants	(2,400,000)
Refuse and recycling contracted service costs	746,320
Decrease in other grants and contributions	56,080
Customer and client receipts	(1,675,270)
Movements in reserves	227,910
Increases to supplies and services	226,230
<b>New budget projection for 2028/2029</b>	<b>29,126,230</b>

### 4.3 Fees and Charges 2025/2026

4.3.1 Fees and charges have been reviewed as part of the estimates process. The council has previously tried to keep increases to fees and charges low and even froze prices in 2023/2024, with the exception of trade waste and some crematorium fees. However, operating and supplier costs have continued to increase and this had been reflected in the fees charged by other providers. In 2024/2025, the Council applied a general increase of 10% to help recover some of its inflationary costs of service provision. However, as can be seen in the graph below, the council is still falling behind inflation and in order to address this, a general principle is to apply an increase allowing for forecast CPI plus 5% (7.57%) across discretionary fees and charges.



- 4.3.2 Private hire and Hackney Carriage Licenses have been reviewed separately and a consultation has been undertaken to inform these prices. These have been updated in the Fees and Charges Schedule.
- 4.3.3 A number of fees and charges have also been considered as part of the proposals for savings and initiatives to support closing the budget gap for 2026/2027. Taking this into consideration, there will be some fees and charges increased in excess of the proposed 7.57%. However, there will also be some fees and charges which have been retained at the same levels or increased below the proposed 7.57%.
- 4.3.4 Income from charges for services which the Council delivers supports recovery of Council expenditure. The Council agreed in January 2005 to delegate authority to the Executive Director of the appropriate service (in consultation with the S151 Officer), the relevant portfolio holder and the Leader) to vary charges having regard to market conditions and the Council's policy framework. In the event that service provision costs increase or decrease significantly during the year then this approach will be utilised to amend the fees and charges schedule, which is published on the Council's website. The proposed schedule of fees and charges is included at Appendix 4a.
- 4.3.5 With Alive West Norfolk coming back under Council control from 01 April 2025, the board have reviewed the company's fees and charges. The proposed schedule of fees and charges is included under Appendix 4b.
- 4.3.6 In recognition of the volatility of inflation and the impact this has had on the cost of service delivery and the Council's financial position, a Fees and Charges Policy has been developed for consideration and adoption in 2025/2026. The Policy sets out the Council's aim and strategy for charging fees and the basis of reviewing fees annually or within the financial year. The Policy sets out that the principle will be to apply a maximum inflationary increase to general fees and charges and sets out areas where there may be exceptions to this. This will ensure that increases

going forward are more in line with expectations around market and economic conditions.

#### 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 2025/2026.

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 2025/26 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 is 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

4.6.5 The Financial Strategy 2024/2029 includes a contingency sum to mitigate uncertainty around the level of pay award for 2025/2026 given the absence of any information on whether a % or lump sum amount will be offered again. The level of increase will be determined in year. 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.

	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029
	£	£	£	£	£
Interest Charged for Unsupported Borrowing	(308,710)	(310,700)	(326,440)	(337,890)	(325,560)
External Interest Payments	382,000	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	(688,990)	(419,630)	(376,170)	(361,570)	(361,570)
Minimum Revenue Provision	937,820	844,880	866,130	879,500	1,043,030
REFCUS	1,774,840	2,212,170	2,212,170	2,212,170	2,212,170
Interest Receivable (West Norfolk Housing Company)	(177,580)	(176,080)	(174,510)	(173,310)	(173,310)
<b>TOTAL</b>	<b>1,929,380</b>	<b>2,542,640</b>	<b>2,593,180</b>	<b>2,610,900</b>	<b>2,786,760</b>

4.7.2 Interest rates – The UK Bank Rate is currently at 4.75%. Whilst inflation had dropped to 1.7% in September 2024, it has since crept up to 2.6% as at November 2024. 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 £3,647,520 for 2025/2026 is based on estimated inflationary increases (as discussed with Drainage Boards) of between 7% to 12.5% for inflation. These estimated precepts are listed in Appendix 6.

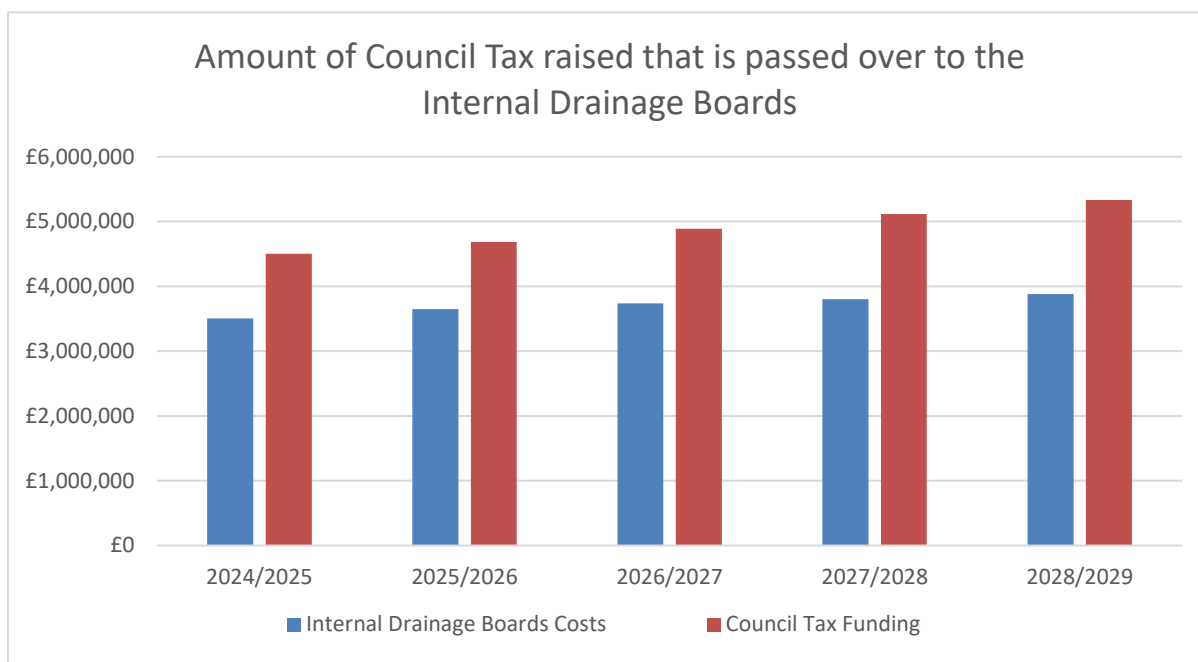
4.8.2 The following shows how much of the council tax (excluding the additional income from second homes premium) to be collected by the authority (based on Council Tax Band D property charge) is estimated<sup>1</sup> to be paid across to Internal Drainage Boards the current year 2024/2025 and estimated for 2025/2026:

	2025/2026		2024/2025		Increase/(Decrease) per Band D Property	
Internal Drainage Boards	£66.91	44%	£65.17	44%	£1.74	2.7%
Borough Council	£85.96	56%	£83.20	56%	£2.76	3.3%

Total	£152.87	100%	£148.37	100%	£4.50	2.9%
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<sup>1</sup> The above is based on proposed 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 £1,037,360, whilst the amount that can be collected via Council Tax is £921,530. A shortfall of £115,830, which for 2025/2026, 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 very effective.

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. In the event of a major ratepayer closing its business or appealing for a reduction in rates payable then the Council will have to bear the loss of rates income, which it had not before.

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

	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029
	£	£	£	£	£
Estimated Contribution To/(From) General Fund Balance to balance the budget	(2,508,080)	Nil	(1,749,800)	(2,664,260)	(3,492,770)

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 July 2024 as part of the 2023/2024 outturn report. The limits have been considered against current reserve balances and it is proposed that limits are remain unamended from the updates made at Cabinet in July 2024 as reported in Appendix 8 to this report.

4.10.8 Current and Proposed Reserve limits.

<b>Reserves Policy Area</b>	<b>Forecast balance 1 April 2025</b>	<b>Current Minimum balance to be held £'000</b>	<b>Current Maximum balance to be held £'000</b>	<b>Proposed new maximum balance to be held £'000</b>
Amenity Areas	50	0	300	100
Capital Programme Resources	5,392	0	8,500	7,500
Insurance Reserve	218	50	300	250
Restructuring Reserve	271	150	800	300
Repairs and Renewals Reserve	1,875	500	2,700	2,000
Holding Accounts	2,745	200	3,500	3,000
Ring Fenced Reserves	6,191	50	7,000	7,000
Climate Change Strategy	515		1,250	600
Planning Reserves	366	0	800	500
Grants Reserves	3,498	0	4,800	4,000
Collection Fund Adjustment Reserve	4,847	0	7,000	5,500
Projects Reserve	4,434	0	4,400	4,500
Other Total	244	0	200	300
	<b>30,646</b>	<b>950</b>	<b>41,800</b>	<b>35,550</b>

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.

### **Recommendation 2**

**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.**

## **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 2025/2026 the Budget Requirement for the Council is £26,329,130. This sum is to be met from Government Formula Funding, Business Rates growth retention, New Homes Bonus, 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 2024 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 2024/2025, the average Band D parish precept in West Norfolk increased by 8.8%. (8.5% nationally<sup>1</sup>).

<sup>1</sup> Council Tax levels set by local authorities in England 2024 to 2025 - GOV.UK ([www.gov.uk](http://www.gov.uk))

## 6 Full Council Tax 2025/2026

- 6.1 In order to calculate the full Council Tax for 2025/2026 it will be necessary to add the County Council, Police Authority and parish precept requirements to the Council's element as previously shown.

### Recommendation 3

It is recommended that Council :

- 1) Approves the budget requirement of £26,329,130 for 2025/2026 and notes the projections for 2026/2027, 2027/2028 and 2028/2029.
- 2) Approves the Fees and Charges 2025/2026 detailed in Appendix 4a and 4b and approves the new Fees and Charges Policy at Appendix 4c
- 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 £152.87 for 2025/2026.

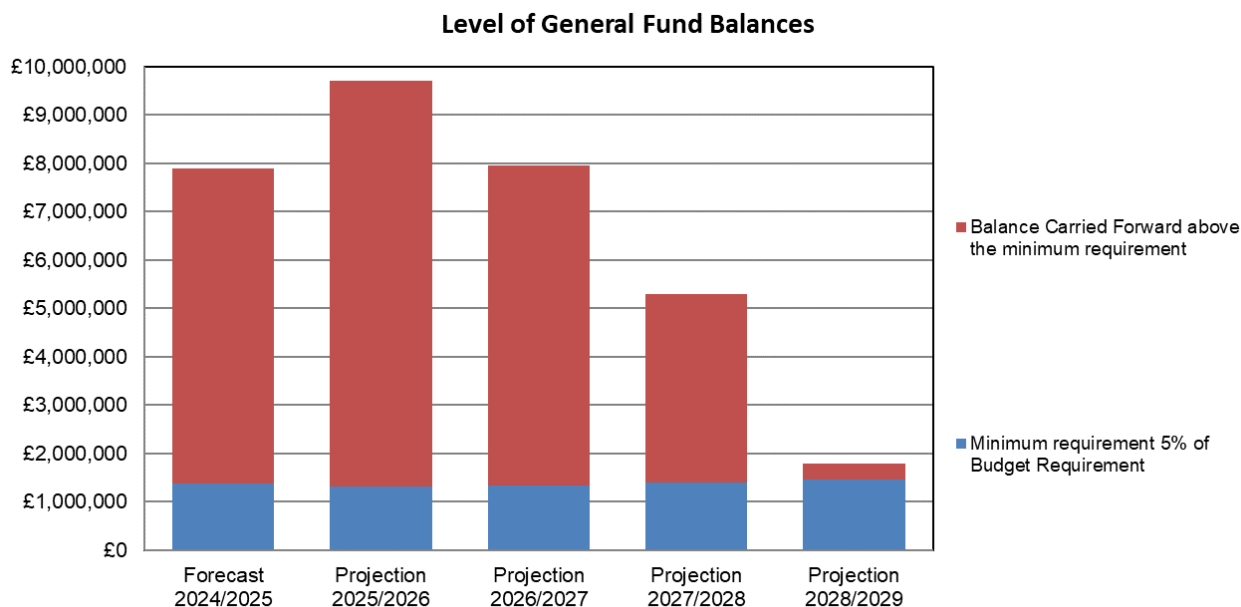
## 7 General Fund Financial Overview

- 7.1 This part of the report deals with the Council's General Fund balance based on the proposed Financial Strategy 2024/2029. The projected position for the period of the Financial Strategy is provided in the following table.

### Projected Movements in General Fund Balances:

	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029
	£	£	£	£	£
<b>Opening Balance</b>	<b>8,597,700</b>	<b>7,899,620</b>	<b>9,709,620</b>	<b>7,959,820</b>	<b>5,295,560</b>
Pension Lump Sum Replenishment	1,810,000	1,810,000	0	0	0
Estimated contribution to / (from) GF Fund Budget	(2,508,080)	0	(1,749,800)	(2,664,260)	(3,492,770)
<b>Closing Balance</b>	<b>7,899,620</b>	<b>9,709,620</b>	<b>7,959,820</b>	<b>5,295,560</b>	<b>1,802,790</b>

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.

**Recommendation 4**

**Council is recommended to approve a minimum requirement of the General Fund balance for 2025/2026 of £1,316,460 (5% of estimated budget requirement).**



## 8 Capital Strategy

- 8.1 The CIPFA revised 2017 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 4 February 2025. 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

### Background

- 9.1 Under Section 25 of the Local Government Act 2003, the S151 Officer must report as to the robustness of the estimates included within the budget and highlight the risks associated with its deliverability and sustainability and the adequacy of reserves. This report should be read in conjunction with the assumptions and plans outlined in the Medium-Term Financial Strategy.
- 9.2 The framework within which the Council's budget setting process operates and within which the Financial Strategy was developed is governed by legislation which provides regulatory safeguards for the Council:

**Section 25 of the Local Government Act 2003** requires the authority's Chief Financial Officer to report on the robustness of the estimates and the adequacy of reserves allowed for in the budget proposals in the Financial Strategy report, so Members are informed and can consider this when they make their budget decisions.

**Section 114 of the Local Government Finance Act 1988** highlights the Chief Financial Officer's responsibility to report to the external auditor and members if it appears to him that an unbalanced budget is likely to be set for the year. Further, the CFO shall make a report under Section 114 if it appears that the expenditure incurred during a financial year is likely to exceed the resources available to meet that expenditure; or if any unlawful expenditure is planned/takes place.

**Local Government Finance Act 1992** identifies the requirement to set a balanced budget.

**Section 151 of the Local Government Act 1972 - Financial Administration** requires that authorities should appoint a Section 151 Officer to have responsibility for the proper administration of its financial affairs.

**The Accounts and Audit Regulations 2015 – Regulation 4** requires that the accounting records and control systems include measures to ensure that risk is appropriately managed.

**The CIPFA Financial Management Code 2019** - includes the following standard which should be complied with: "The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves".

**The requirements of the Prudential Code must also be complied with** (a separate report on prudential Indicators is included elsewhere in this suite of Medium-Term Financial Strategy (MTFS) reports).

**Section 106 of the Local Government Finance Act 1992** makes it a criminal offence for any Member with arrears of Council Tax which have been outstanding for two months or more to attend any meeting of the Council or one of its committees at which a decision affecting the budget is to be made, unless the Member concerned declares at the outset of the meeting that he or she is in arrears, and will not be voting on the decision for that reason. The Member concerned must then abstain from voting.

**The Local Authorities (Standing Orders) (England) (Amendment)**

**Regulations 2014** provide that the Council's procedures must provide for the minutes to record how each Councillor voted (including any abstentions) when determining the Council's budget and the level of Council Tax to be levied

- 9.3 In addition to the legislation requirements set out above, the CIPFA guidance on Local Authority Reserves and Balances requires that a statement reporting on the annual review of earmarked reserves should be made to Council, at the same time as the budget. The statement should list the various earmarked reserves, the purpose for which they are held and provide advice on the appropriate levels. It should also show the estimated opening balances for the year, planned

additions/withdrawals and the estimated closing balance.

### **Robustness of Estimates – Overview**

9.4 Following the provisional Funding Settlement announcement on 18 December 2024, the Council still awaits confirmation of the final settlement figures. Revisions to the funding settlement impact upon the Council's use of reserves and the data to support the Council's consideration of precepts and determination of the Council Tax Resolution. **The Council's Section 151 Officer will undertake an assessment of economic, financing, business rate growth and legislative risks prior to the budget being presented to Council for consideration on 27 February 2025.**

### **9.5 Delivering the MTFS**

The MTFS requires a number of key actions to be implemented in order to achieve a stable and sustainable financial position for the Council. These include:

- implementing savings plans
- identifying further efficiencies or savings that are sustainable in nature
- reviewing contracts for best value
- delivering income generation projects
- considering how services can be delivered more efficiently
- ensuring a commercial approach is taken where applicable
- increasing revenues by encouraging more businesses into the district
- increasing revenues by continuing to support and encourage housing development

These will need to be managed against a backdrop of the local government finance reforms. To ensure delivery, officers at the Council are advised to ensure that:

- teams are suitably resourced to deliver the Council's corporate objectives - particularly projects or initiatives that the Financial Strategy is dependent on delivery and that resources are at the right level and with the right skills.
- Officers continue to review service delivery which balance service improvement with reducing costs and being more efficient.
- Sufficient funding is set aside to support delivering the Council's corporate objectives – particularly those projects or initiatives that the Financial Strategy is dependent on delivery and especially those with an invest to save basis, with clear criteria and expectations of return.
- Processes, procedures and practices are continually updated to reflect the Council approach to secure value for money or secure efficiencies/savings where applicable.

Members are advised to ensure that:

- progress against savings proposals and efficiencies or initiatives are regularly monitored and any mitigating actions reported to Corporate Performance Panel.
- members take future decisions that support the aim of maintaining a financially stable and sustainable Council as set out in the MTFs, including clear funding source where applicable.
- business cases for investment projects should be rigorously reviewed to ensure they deliver value for money to the Council.

### **Recommendation 5**

**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 2025/2026.**

## **10 Budget Consultation and Engagement**

- 10.1 A survey was conducted on the Council's budget. The objectives for seeking views on the council's budget proposals 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. Partners and community groups assisted with promotion and the council actively engaged with a number of groups directly, for example the Stroke Association and Vision Norfolk. Councillors, parishes and MPs were also engaged.
- 10.3 The survey ran for six weeks from 21 October to 1 December. 1,093 people participated, from a wide and generally representative demographic.
- 10.4 Waste and recycling collection was identified as residents' most important priority, followed by anti-social behaviour and crime, managing coastal change and flood risk, and supporting people who need daily help in their lives. Many and varied comments and suggestions were made, which broadly suggested that people want the council to focus on delivering the basics well and meet the needs of residents, especially those who need more help. Results of the budget survey can be found via the following link: [www.west-norfolk.gov.uk/annualbudget](http://www.west-norfolk.gov.uk/annualbudget)
- 10.5 The Council also met with representatives of the business and voluntary sector

community on 22 January 2025 to seek their opinions. Draft notes of the meeting will be made available to Cabinet on 4 February 2025.

- 10.6 A number of staff briefings have taken place throughout December 2024 and during January 2025. 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 a result of the consultation process will be reported to Council.
- 10.7 As part of the budget process a Joint Panel Meeting will be held on 29 January 2025 and the draft minutes from the meeting will be presented to Cabinet on 4 February 2025.

### **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 2023-2028  
Capital Programme 2023-2028  
Monitoring Reports 2024/2025

#### Finance Settlement

The suite of supporting documents for the provisional local government finance settlement 2025/2026 can be found by clicking on the following link:

[Provisional-local-government-finance-settlement-england-2025-to-2026](#)