

Budget 2024-2029

**Briefing
January 2025**

**Michelle Drewery
Assistant Director Resources (Section 151 Officer)**



The State of Local Government Finance

Local Government Information Unit (LGIU) – The State of Local Government Finance in England 2024 – 160 Council's survey

[State-of-Local-Government-Finance-in-England-2024.pdf](#)

- Over half likely to declare bankruptcy in next 5 years – 9% for 25/26
- Confidence in the sustainability of council finances across the sector has cratered from its previous low point of 14% in 2023, down to just 4% of respondents in 2024.
- There are multiple pressing challenges, with over 90% of respondents saying inflation and the cost of living crisis are problems for councils.
- Against this backdrop, 9 in 10 respondents said their councils are raising council tax, and the same proportion are increasing fees and charges.
- Two-thirds of councils are cutting spending on services
- Half of respondents drew on their reserves this financial year 23/24 and plan to draw on them again in the upcoming year. A serious warning sign of problems to come if councils use up all their reserves.
- At District level housing and homelessness is the most serious short-term and long-term pressure, with environment and waste a close second place for long-term pressure.
- Only 1.4% were happy with the government's performance in delivering a sustainable funding system. There are popular options for reform: multi-year financial settlements were favoured by 97% of respondents, ending competitive bids for funding and 100% business rates retention.



Revenue Budget



Headlines - Current Position

- 2023/24 Outturn position was £24.386m which resulted a contribution of £0.543m to the general fund reserve balance. This also included a transfer of £0.644m to earmarked reserves for continued operations.
- 2024/25 Forecast Budget Requirement currently £27.526m including an estimated drawdown at year end of £2.508m from the general fund reserve balance
- Planned 'top up' to general fund reserves of £1.810m relating to pension payment
- Estimated general reserve balance of £7.9m at 1 April 2025 (subject to audit outcomes)

Headlines – Financial Strategy

- 2025/26 - fully funded budget through local taxation, Gov't grants and locally raised fees and charges
 - Includes final 'top up' to general fund reserves of £1.810m relating to pension payment bringing balance up to £9.710m
- 2026/2027 gap of £1.750m
- 2027/2028 gap of £2.664m
- 2028/2029 gap of £3.493m
- **TOTAL £7.907m**
- If above funded from the general fund reserve still sufficient balance (£1.8m) to cover minimum reserve level (5%)



Headlines – Government Funding

- Government announced provisional funding settlement for 2025/2026 only. The following grants were announced:

Grant	2025/2026	Changes
Revenue Support Grant	1,052,270	
New Homes Bonus	293,369	Final year of current scheme - one year payment only
Recovery Grant (New)	552,330	One off grant targeting need using deprivation as a proxy
Funding Floor Grant (New)	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	35,808	Existing grant now consolidated as new separate line in settlement figures
Total	2,132,689	

- The council also expects to receive an allocation for Internal Drainage Board funding and National Insurance Compensation – amounts currently unknown (estimated £150k and £219k = £369k)
- Government announced funding reforms to be implemented from 2026/2027



Headlines

- Inflation dropped from its peak of 11.1% (October 2022) to 1.7% in September 2024. Latest figure is 2.6% in November 2024.
- Service costs have been updated to reflect increasing costs where needed across services. Continuing challenge to contain costs
- Have seen growth in areas such as contract/statutory requirement including pay award and national minimum pay pledges

Headlines

- The Budget 2024-2029 will be considered Cabinet on 4 February 2025.
Council Tax setting and approval of the Financial Plan 2024-2029 at Council on 27 February 2025
- Dependency on funding from income raised locally: Council Tax, Business Rates, Fees and Charges, Other income generating initiatives
- Significant risk from 2026/2027 – Government fully committed to implement long-awaited financial reforms to Business Rates Retention Scheme and Government Funding Settlement Formula

Headlines

- Proposed council tax increase of £4.50 on Band D property in 2025/2026 (£5 including special expenses)
- Proposed £4.50 increase in council tax for remaining years of Financial Strategy (£5 including special expenses)

Financial Strategy 2024/2029- Expenditure

	Original Budget 2024-25	Forecast Budget 2024-25	Proposed Estimate 2025-26	Proposed Estimate 2026-27	Proposed Estimate 2027-28	Proposed Estimate 2028-29
TOTAL SERVICE EXPENDITURE	21,498,680	22,093,230	20,138,970	20,442,430	21,575,760	22,459,980
Financing Requirement	1,929,380	1,929,380	2,542,640	2,593,180	2,610,900	2,786,760
Internal Drainage Board	3,502,890	3,502,890	3,647,520	3,735,060	3,803,420	3,879,490
Borough Spend	26,930,950	27,525,500	26,329,130	26,770,670	27,990,080	29,126,230
Contributions to/(from) Reserves	(2,199,130)	(2,508,080)	-	(1,749,800)	(2,664,260)	(3,492,770)
Borough Requirement	24,731,820	25,017,420	26,329,130	25,020,870	25,325,820	25,633,460

Amount of reserves needed to fund budget



Financial Strategy 2024/2029- Expenditure

Cost of Services



Financial Strategy 2024/2029

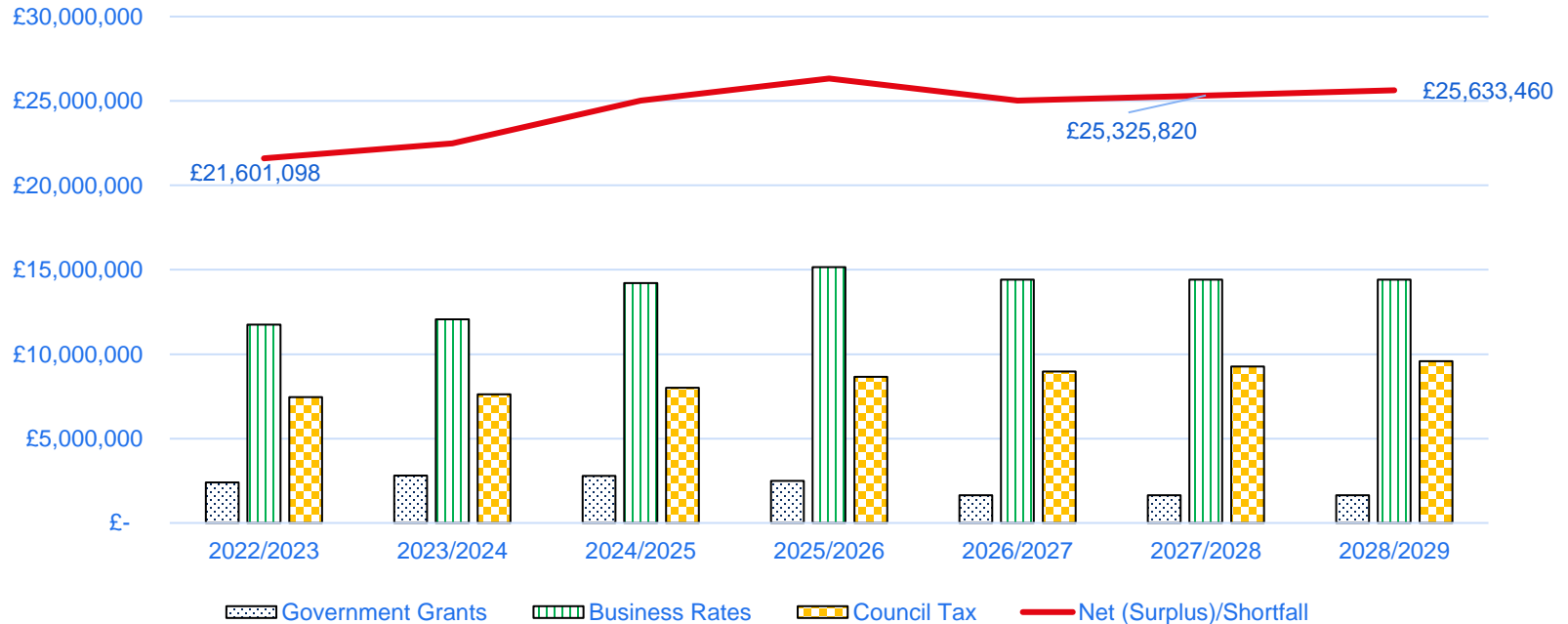
	Original Budget 2024-25	Forecast Budget 2024-25	Proposed Estimate 2025-26	Proposed Estimate 2026-27	Proposed Estimate 2027-28	Proposed Estimate 2028-29
New Homes Bonus	(338,620)	(338,620)	(293,360)	0	0	0
Rural Services Delivery Grant	(628,540)	(628,540)	0	0	0	0
Revenue Support Grant	(1,015,160)	(1,015,160)	(1,052,270)	0	0	0
Other Government Grants	(558,760)	(812,760)	(1,157,050)	(1,643,700)	(1,643,700)	(1,643,700)
<u>Taxation</u>						
Business Rates (NNDR)	(14,216,300)	(14,216,300)	(15,162,580)	(14,411,050)	(14,411,050)	(14,411,050)
Council Tax Band D	148.37		152.87	157.37	161.87	166.37
Council Tax Base	53,748		56,674	56,974	57,274	57,574
Council Tax	(7,974,440)	(8,006,040)	(8,663,870)	(8,966,120)	(9,271,070)	(9,578,710)
Total Funding	(24,731,820)	(25,017,420)	(26,329,130)	(25,020,870)	(25,325,820)	(25,633,460)
Funding Position	0	0	0	0	0	0

Balanced financial position in 2025/26 and a fully funded MTFs



Financial Strategy 2024/2029

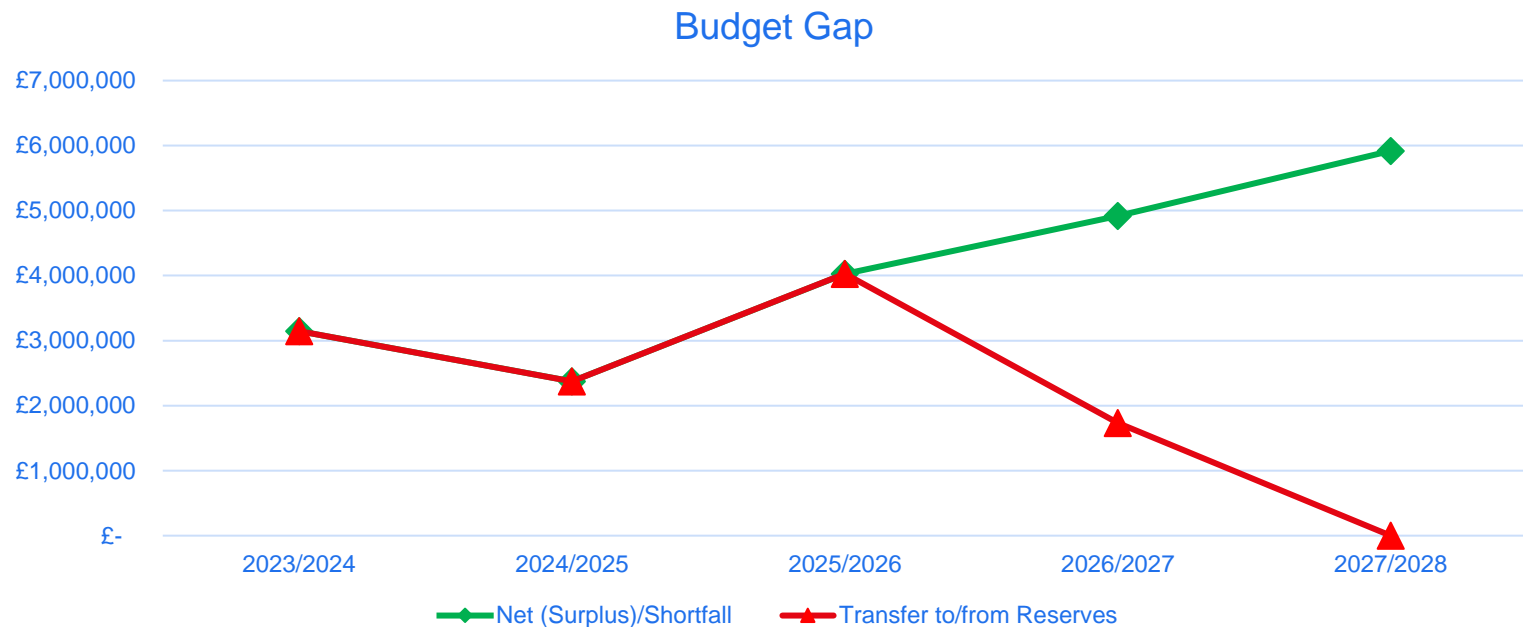
Income Sources (Excl. Fees and Charges)



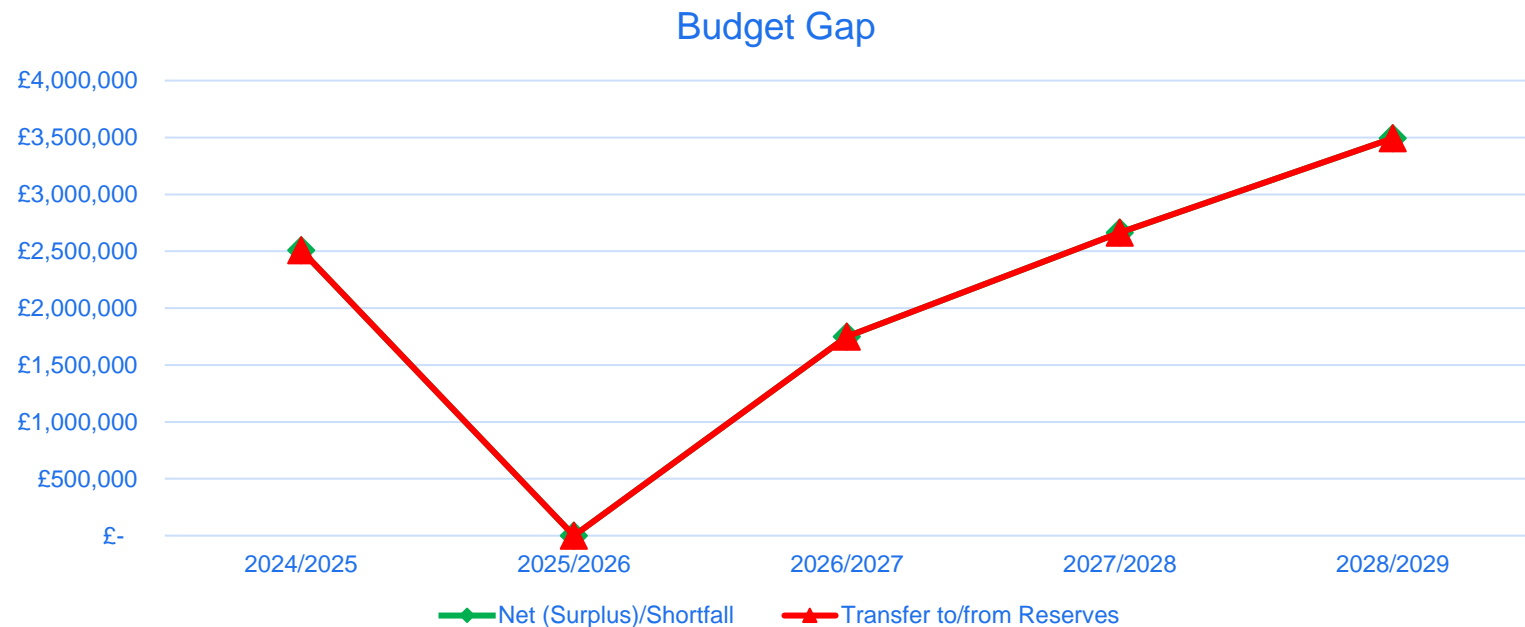
Note from 2026/27 Funding reforms to business rates and government grants to be implemented



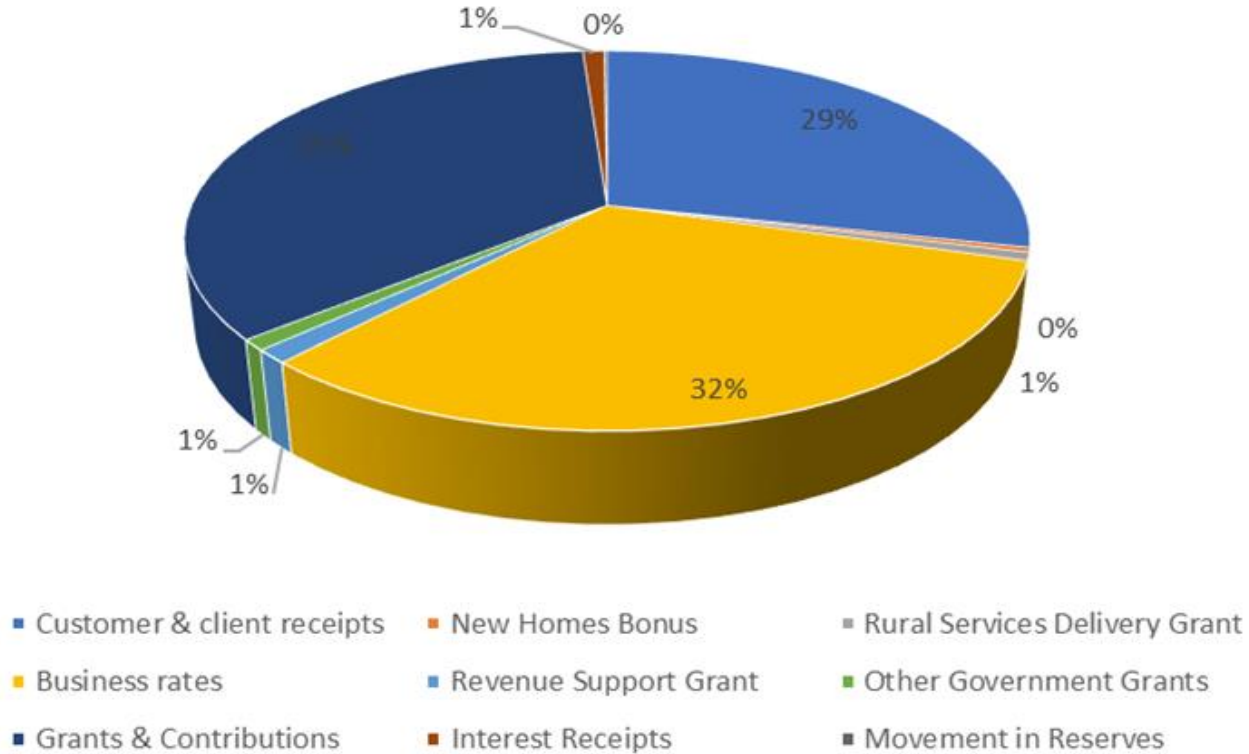
Financial Strategy 2023/2028 – Budget Gap (last year)



Financial Strategy 2024/2029 – Now



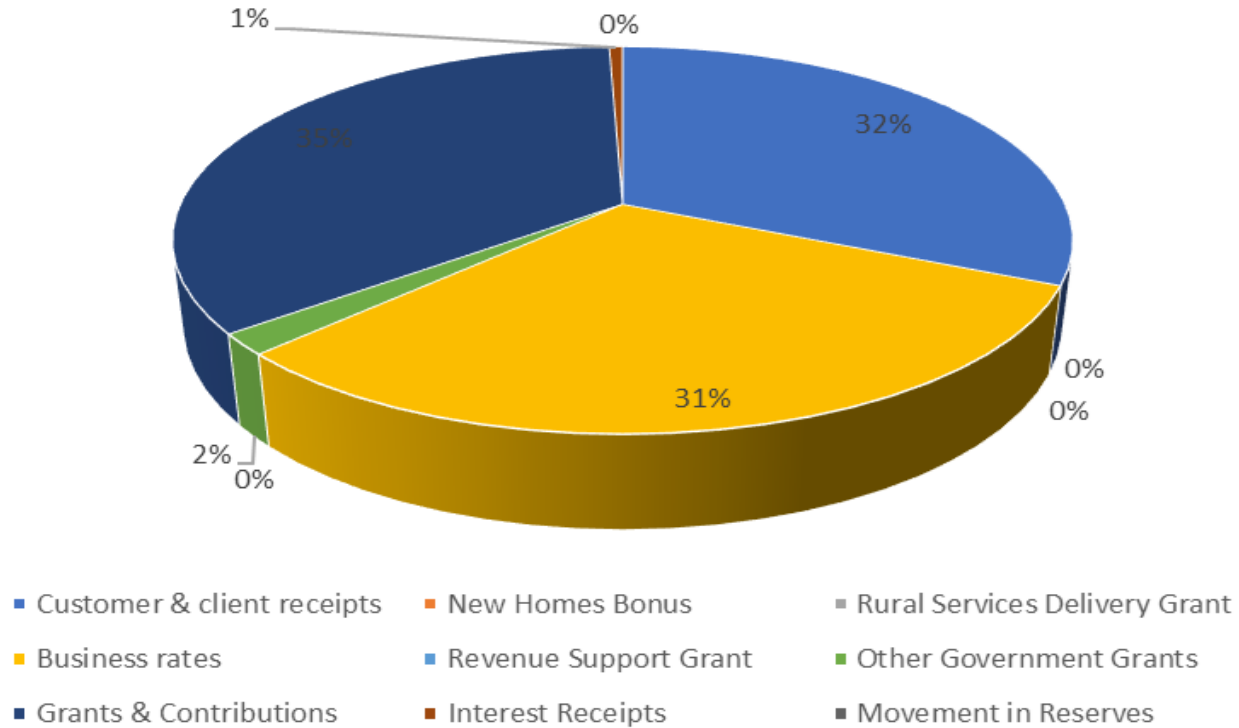
Budgeted Income for 2024/2025



Note: Government Grants total 3.2%



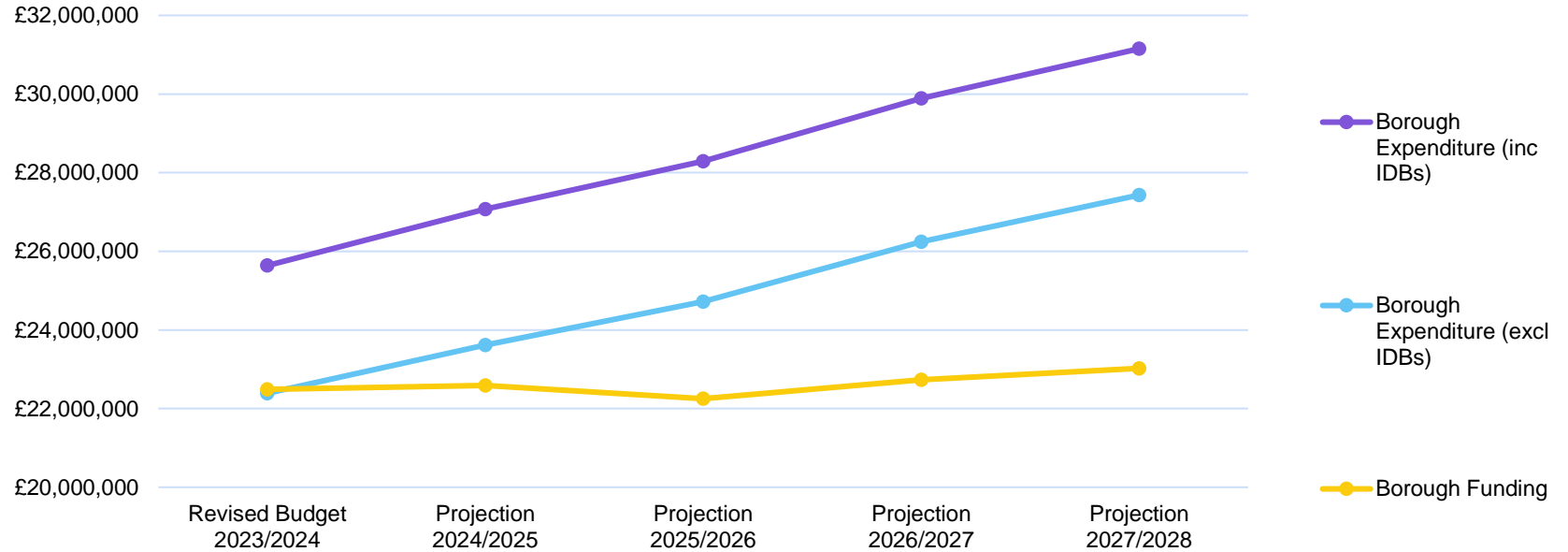
Forecast Income for 2028/2029



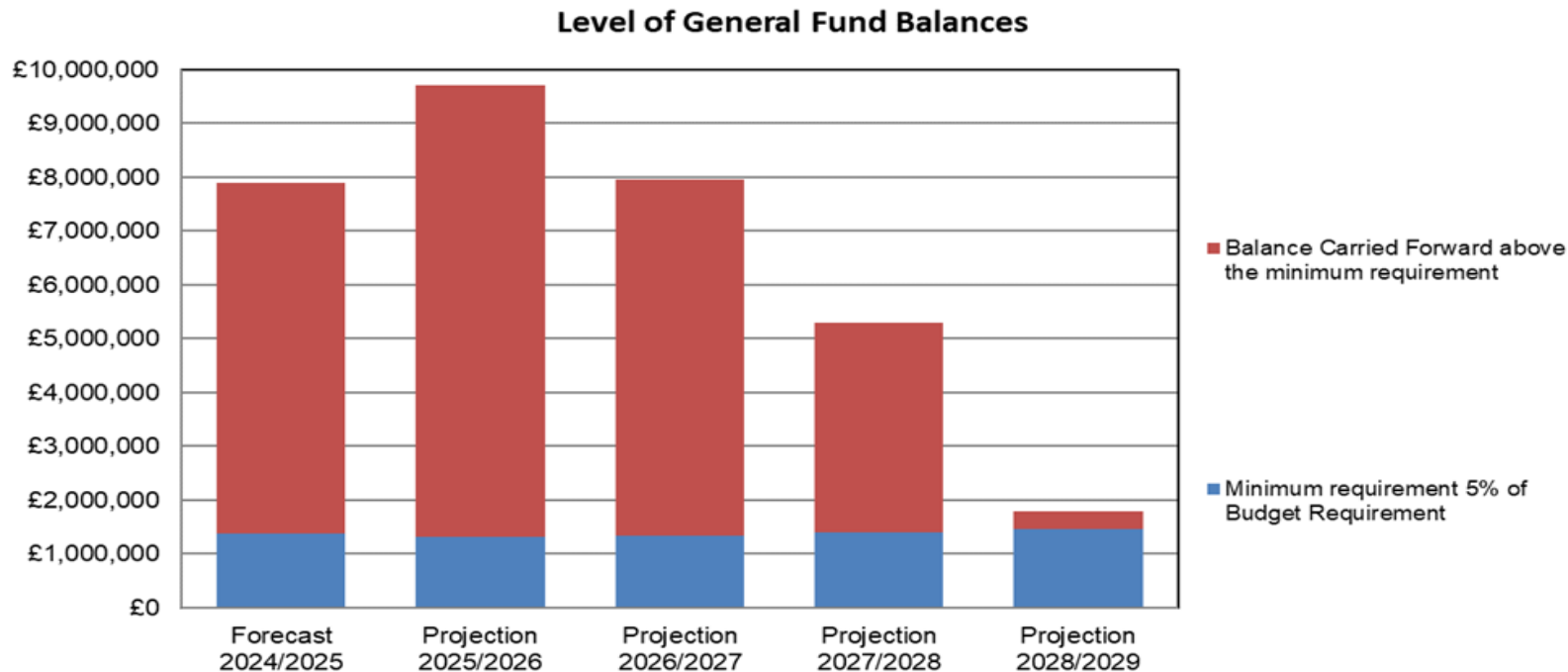
Note: Government Grants total 1.8%



Borough Expenditure and Funding



General Fund Balance



Addressing the funding gap from 2026/2027

- Financial Strategy still reliant on drawdown from General Fund Reserve balance. Minimum reserve level maintained throughout. However, ambition to balance future year budgets beyond 2026/2027.
- Budget Gap of £1.750m in 2026/2027 rising to £3.493m in 2028/2029 – could be more following implementation of Government financial reforms
- Work in progress:
 - Savings and efficiency initiatives identified for 2025/2026 – some with full year effect in 2026/2027 – built into budget, monitor and report on delivery
 - Further work to continue on additional proposals to implement from 2026/2027
 - Reprofile of capital programme across new ‘tiers’ to align resource/capacity
 - Fees and charges policy (to be approved by Council)



Addressing the funding gap in 2025/2026

	2025/2026 £	2026/2027 £
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
Total	3,478,500	3,053,000



Changes to Business Rates Discounts

As part of the Autumn budget statement in November 2024 the Chancellor confirmed the continuation of a number of reliefs into 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
- Phased increases continues for higher bills caused by rises in the rateable value at the 2023 revaluation and a limit on increases in bills where businesses have lost certain reliefs due to the 2023 revaluation
- Cessation of £1,500 annual discount for office space occupied by local newspapers ended on 31 March 2025



Business Rates Retention Reform

- Government set out details of adjustments in the rates multiplier for 2025/2026:
 - Small Business Rates Multiplier remains frozen for 2025/26 at 49.9p (applies to businesses with RV under £51,000)
 - Local authorities to be compensated for reduction in income as a consequence of this decision
 - Standard Multiplier for 2025/2026 has been increased from 54.6p to 55.5p
- Reforms to business rates retention scheme to be implemented from 2026/2027 with a full reset proposed – to deliver a ‘fair system’
- Objective is to implement a ‘reset’ to the baseline which would prevent councils gaining or losing disproportionately over time according to their ability to grow their revenue from rates. Frequency of resetting of baseline was previously announced to take place every 3 years
- Will 100% of renewable energy growth be retained or redistributed as part of the reset – currently £3.2m in budget
- Will it be ‘top sliced’ to address economic differences across the country to support particular pressures such as adult social care?



Business Rates Retention Pool

- Norfolk councils decided to continue current pooling arrangement for 2025/2026
- Forecasts for 2025/2026 – estimated benefit to Norfolk of £8.9m overall with a new MOU where 50% of estimated growth returned
 - BKLWN Growth estimated £2.136m
 - Estimated 50% returned £1.068m
- Last year of current scheme – estimated growth included in budget
- Financial Plan does not include any growth in future years – mitigate risk of loss in revised scheme from 2026/2027
- Renewable energy – 100% business rates retention £3.2m in plan – at risk
- Significant uncertainty and risk – awaiting consultation



Fair Funding Review

- Government are committed to funding reforms with implementation from 2026/2027
- Awaiting more detail through consultation on what the implications will be
- Settlement funding for 2025/2026 indicate that we could lose more funding. There will be winners and losers
- Government are proposing transitional arrangements but at what level?



Fair Funding Review

- Expect income which can be generated locally will be taken into account; such as council tax (already included in Core Spending Power calculations)
- Council continues to lobby for changes to Internal Drainage Board funding. Still no confirmation on how this will be reflected (£3.7m of £8.7m (43%) Council Tax in 2025/26)
- Funding from 2025/2026 is calculated based on the existing 50% Business Rates Retention scheme. Reset due in 2026/2027
- It is anticipated that next year the budget setting process will be at a reduced level to take account of the redistribution of Government Grants and Business Rates reset

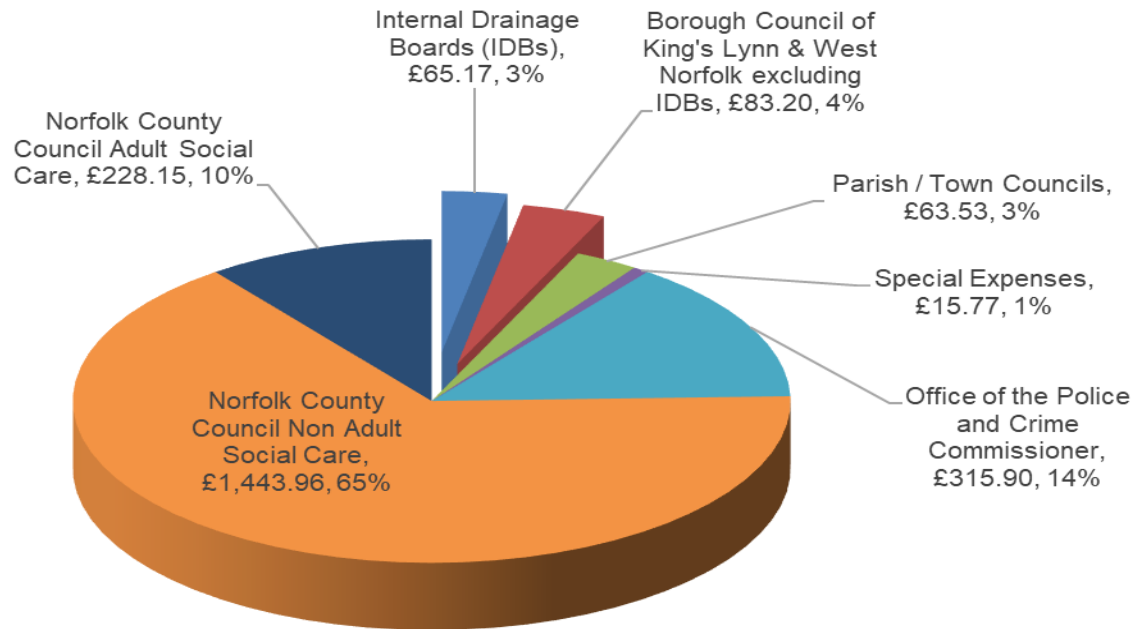
New Homes Bonus

- The government announced, as part of the Provisional Settlement, that it will fund the New Homes Bonus scheme in 2025/2026. This is the final year of the Scheme. Government are reviewing whether a new scheme will replace it.
- The Council meets the threshold for the main payment in 2025/2026. Funding included in the Financial Strategy:

New Homes Bonus	£
2024/25	338,620
2025/26	293,360
2026/27	0
2027/28	0



Breakdown of an Average Band D Council Tax Bill of £2,215.68 for 2024/2025



Council Tax

The '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 are an increase of 3% or up to £5, whichever is higher.

This will apply to the overall increase in general council tax and special expenses.

Council Tax base 2025/2026 56,674 Band D properties

Assumed annual increase of 300 properties from 2026/2027

Council Tax 2025/2026

The proposed levels of council tax for 2025/2026 includes a £4.50 increase on a Band D.

BAND	2025/2026	BAND	2025/2026
	£		£
A*	101.91	E	169.86
B	118.90	F	220.81
C	135.88	G	254.78
D	152.87	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.



Council Tax Discounts

Subject to approval at Council on 30 January 2025:

- Council Tax Premiums – Second Homes additional 100% council tax premium for second homes in the Borough to be implemented from 1 April 2025
- Council Tax Support Scheme – Continue with maximum amount of support under scheme at 100% for 2025/2026. Other minor changes to reflect ongoing national reforms.
- Council tax discounts remain the same as for 2024/2025
- An exceptions policy setting out statutory and local exceptions will come into force from 1 April (full details included in report to Council 30 January 2025)

Cost of Services

- Inflation peaked at 11.1% in October 2022 and fell to 1.7% in September 2024. It has since been creeping up – November 24 reached 2.6% with a slight drop at 2.5% in December 24
- Various increases being passed on to Council – key areas below:

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	6.26	2.40	1.83	2.00



Fees and Charges

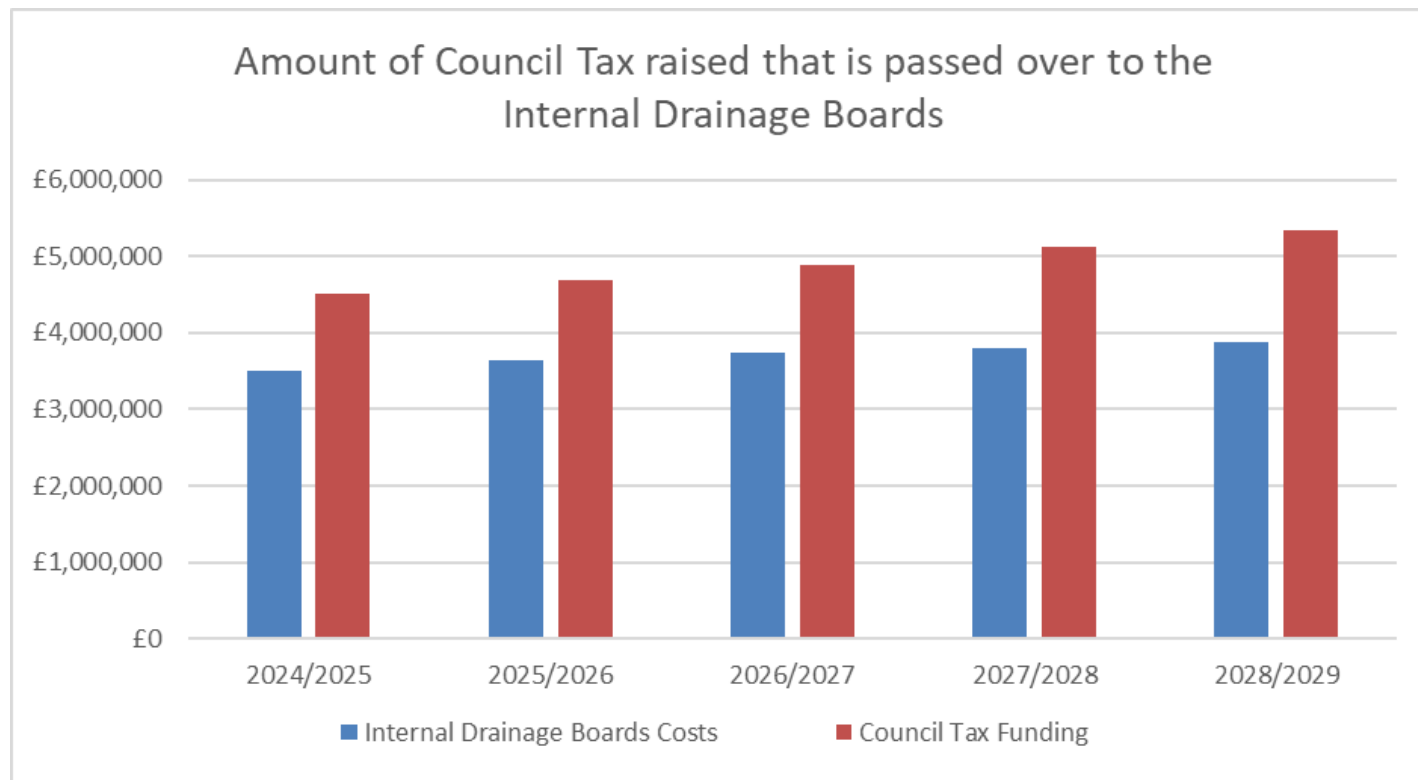
- Fees and Charges – Locally determined (discretionary) or set by Central Government (statutory)
- Fees and charges were frozen in 2023/2024 (exception trade waste and some crematorium fees). General increase of 10% in 2024/2025 on discretionary fees – recovery of some inflationary costs of service provision but there are some exceptions
- General increase of 7.57% proposed for 2025/2026 but other changes as part of the savings and efficiency proposals. Will bring fees in line with inflation increases in previous years.
- Fees and charges policy will mitigate significant increases in future years

Internal Drainage Board Levies

- Future funding of IDB levies charged to the Council is still being challenged
- Central Government needs to address IDB funding – funding reforms delayed
- Financial Plan includes an average increase of 6.3% for 2025/2026. Proposal from IDBs range from 0% to 12.5%. Largest IDB is £2.5m – increase estimated at £160.7k
- IDB levies for 2025/2026 total £3.730m – 14% of Borough spend of £26.3m
- The Council will pay £66.91 (43.8%) of £152.87 Council Tax collected (Band D) to meet the IDB levies in 2025/2026 (43.3% in 2024/2025)



Internal Drainage Board Levies



Capital Programme

Borough Council of
**King's Lynn &
West Norfolk**



What is a Capital Programme?

Working document used to:

- identify and set out capital schemes
- shows total cost of schemes
- Projects phasing of those schemes over current and future years

Capital Programme Objectives

Provide assets (through acquisition, construction or enhancement)

- to deliver the Council's key priorities
- to deliver against the Council's Financial Strategy
- appropriate to the delivery of the Council's services



Capital Programme Challenges

- Limited capital resources
- Corporate strategy dependant on need to prioritise schemes which:
 - Reduce revenue expenditure
 - Increase or generate new revenue income
 - Increase council tax base
- Statutory requirements and managing demand
 - Private sector housing adaptations and assistance
- 'Maintain - reduce – improve' existing service levels
- Take advantage of technology and digital strategy
- Opportunity cost of decisions
- Understand Public Service vs Commercial Activity

Capital Programme Challenges

- Prioritisation of competing schemes
- Managing funding arrangements – how projects are paid for, affordability and timing
- Use uncommitted resources – using our available cash balances
- Take out additional borrowing - interest levels currently high
- Review current programme v new opportunities
- Ageing assets and systems - compatibility with new technology
- Promote innovation
- Delivery timescales and lead in times
- Deliver enhancements/improvements



Capital Programme (New Format)

2024-2029 (£142.2m)



	2024/2025 £	2025/2026 £	2026/2027 £	2027/2028 £	2028/2029 £
Tier 1 Major projects					
Enterprise Zone (Property and Projects):	912,690	-	-	-	
Major Housing Development (Companies and Housing):	20,830,250	26,877,440	23,895,060	2,523,060	-
Other Major Projects	21,691,770	8,512,030	641,730	3,140,510	-
Total Tier 1	43,434,710	35,389,470	24,536,790	5,663,570	-
Tier 2 Operational Schemes					
Health, Wellbeing & Public Protection	2,210,000	2,477,500	2,477,500	2,477,500	2,477,500
Leisure and Community Facilities:	539,730	20,000	30,000	-	-
Operational and Commercial:	1,212,590	1,278,430	278,000	160,000	477,280
Programme and Projects:	50,000	111,000	-	-	-
Property and Projects:	74,170	-	-	-	-
Resources:	424,950	-	-	-	-
Total Tier 2	4,511,440	3,886,930	2,785,500	2,637,500	2,954,780
Tier 3 Operational Schemes					
Health, Wellbeing & Public Protection	-	86,850	-	-	-
Leisure and Community Facilities:	123,000	452,480	230,000	15,000	15,000
Operational and Commercial:	65,000	1,443,390	128,000	53,750	-
Programme and Projects:	-	39,000	-	-	-
Property and Projects:	44,500	390,470	150,000	150,000	-
Regeneration, Housing & Place:	-	241,060	-	-	-
Resources:	92,430	850,000	350,000	200,000	-
Subtotal	324,930	3,503,250	858,000	418,750	15,000
Tier 3 Exempt Schemes					
Exempt Schemes	660,000	167,000	3,104,320	3,266,780	4,061,730
Subtotal	660,000	167,000	3,104,320	3,266,780	4,061,730
Total Tier 3	984,930	3,670,250	3,962,320	3,685,530	4,076,730
Total Capital Programme (Tiers 1, 2, 3)	48,931,080	42,946,650	31,284,610	11,986,600	7,031,510

Major Projects – Tier 1 (£109.0m)

Major schemes in Tier 1 are actively being delivered:

- Towns Fund – Riverfront, Guildhall, MuCH, Rail to River, Active & Clean Connectivity
- Major Housing Projects:
 - Lynnsport – various phases
 - NORA phase 4
 - Salters Road
 - Alexandra Road, Hunstanton
 - Florence Fields
- Enterprise Zone – infrastructure and development of units
- Other Government Funded Schemes – UK Shared Prosperity/Rural England Prosperity Funds

Operational Schemes – Tier 2 (£16.8m)

Schemes in tier 2 are actively being delivered:

- Private sector housing adaptations and assistance – Disabled Facilities Grants
- Vehicles, maintenance & equipment in various service areas
- Agreed ICT projects
- Leisure facilities – equipment and buildings refurbishment
- Resort/events – Public conveniences, bandstand roof, Christmas lights, equipment, signage
- Car Parks & CCTV – equipment and repairs
- Roof replacement



Proposed Schemes – Tier 3 (£16.4m)

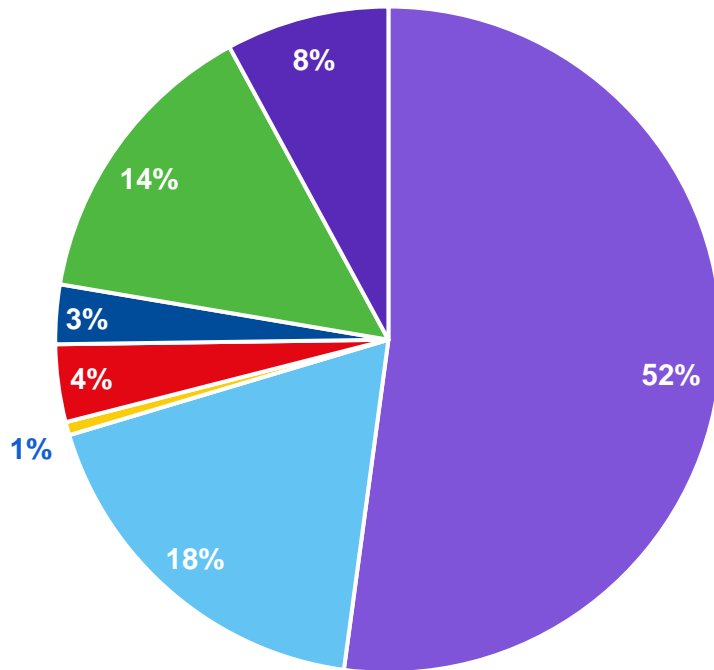
Schemes in Tier 3 need approval to come forward for delivery:

- Replacement vehicles
- Leisure facilities – future pipeline of replacement equipment and building refurbishment
- Car Parks & CCTV – future pipeline of equipment and repairs
- Resorts – future pipeline of replacement equipment, crazy golf project and refurbishment of facilities
- Street lighting replacement and industrial estate works
- Regeneration projects
- ICT projects
- Exempt schemes

Once approved will move to tier 1 or tier 2 as ‘active’ projects



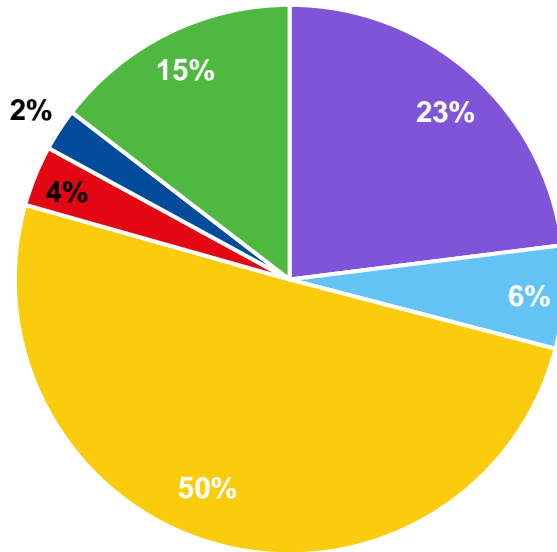
Capital Estimates 2024/2029 - Expenditure



- Major Housing £74,125,810
- Towns Fund £25,934,290
- Enterprize Zone £912,690
- Local Authority Housing Fund £5,350,010
- Other Major Projects £4,099,510
- Operational Schemes £20,498,310
- Exempt Schemes £11,259,830



Capital Estimates 2024/2029 - Funding



- Specific Government Grants
- General Grants and Contributions
- Capital Receipts
- Reserves
- Unsupported Borrowing/Revenue
- Temporary Borrowings

Questions?

