

The FINANCIAL PLAN 2023/2028

**As submitted to the
Cabinet**

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The FINANCIAL PLAN 2023/2028

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The Financial Plan - 2023/2028

1 Executive Summary

- 1.1 As part of the council tax setting process the Council updates its Medium-Term Financial Plan (MTFP) to take account of any changes in financial settlements, inflation on service costs and revised priorities of the administration.
- 1.2 In February 2023 the Council set out a Financial Plan for 2022/2027. The Plan reflected the continued significant financial challenges faced by the Council.
- 1.3 In a statement made on 6 December 2023 by the Secretary of State for Levelling-up, Housing and Communities (DLUHC) stated, "now is the time for stability and continuity, and we will therefore not be pursuing any fundamental reforms to the system". Confirmation that the review of relative needs and resources and a reset to business rates growth will not be implemented for at least a further year. The review of these funding mechanisms has been expected for consultation and implementation from 2020/2021. The aim being to ensure that funding allocations are based on an up-to-date assessment of needs and resources for each local authority. Along with the phasing out of Revenue Support Grant (RSG), Rural Services Delivery Grant (RSDG) and changes to the distribution of New Homes Bonus, there were also plans for a full reset of the business rates system.
- 1.4 The Spending Review 2023 sees a one-year settlement for 2024/2025. The direction continues to be for councils to be more self-financing and reduce reliance on central government grants.
- 1.5 The government announced on 24 January 2024, further funding changes following the provisional Funding Settlement on 18 December 2023. However, at the time of reporting, the detailed impact for BCKLWN has not been published, but is expected to be published in early February 2024.
- 1.6 In its Policy Statement published on 6 December 2023 the government ask authorities "to continue to consider how they can use their reserves to maintain services over this and the next financial year, recognising that not all reserves can be reallocated, and that the ability to meet spending pressures from reserves will vary between authorities". As stated in the 2022 - 2027 Financial Plan, the Council has reviewed where it might release reserves to close the funding gap. These actions are referred to within the report but still leaves a significant reliance on reserves for the first three years of the plan and a £3.185m funding gap in 2026/2027.
- 1.7 Inflation and continued short-term funding settlements significantly impact on this Financial Plan. Inflation is impacting on the predictability for the forecasting cost of utilities, vehicle running costs, asset insurances and other supplies and services that the Council accesses to provide its services, meaning that any savings or

income generating options are quickly outweighed by increased costs or require difficult decisions that could add to the impact from cost of living increases to the Councils services users.

- 1.8 Business Rates Revaluation and Retention Scheme – the introduction of a new 75% retained NNDR scheme had previously been anticipated to be introduced as part of funding changes. However, the implications for the future of the scheme remains in doubt as a result of Government's announced delay to its review into relative needs and resources, i.e. Fair Funding Review. It is possible that one feature of any future funding changes will be a reset of NNDR growth so that authorities will receive a new baseline funding level with growth and rates retention removed. A revaluation for Business Rates has been undertaken by the Government's Valuation Office and was implemented from 1 April 2023.
- 1.9 In the Autumn Statement released on 23 November 2023 the government announced:
- the small business multiplier will be frozen at 49.9p
 - the standard multiplier will be updated in April by September's CPI figure (6.6%), increasing the multiplier from 51.2p to 54.6p
- 1.10 Business Rates Retention from Growth is currently projected to be £908,071 in 2024/2025. 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 £3,321,769 of income each year. This is another area of considerable risk if the council loses this income as part of the Government reforms to local authority funding.
- 1.12 The Norfolk authorities have opted to continue with the Business Rates Pool arrangement for 2024/2025. A Memorandum of Understanding sets out how growth retained by the pool is allocated across Norfolk Authorities.
- 1.13 The provisional Local Government Settlement was announced on 18 December 2023 and included the following government grants:-
- Revenue Support Grant (RSG).
 - Rural Services Delivery Grant (RSDG).
 - Funding Guarantee Grant replaces Lower Tier Services Grant
 - Services Grant.
 - One year payment of New Homes Bonus

- 1.14 The Council can present a funded budget for two years of the medium-term financial plan (see Appendix 1). After that the General Fund Balance will be depleted to the minimum reserve level in 2026/2027. This leaves a gap of £3.185m in that year. For the final year of the plan the estimated budget gap is £5.918m (2027/2028). These funding gaps will need to be addressed. **Alongside this, there is also significant uncertainty from 2025/2026 onwards.** This is due to a combination of financial impact of inflation on local businesses and individuals and on service provision costs and the decision by Government to add further delay to the implementation of the reforms to the business rates retention scheme and the Fair Funding Review, which were promised a number of years ago. The council is placed in a difficult position in being unable to determine with any certainty the future funding position beyond 2024/2025, which is a considerable downside risk.
- 1.15 The Council approved the 2022/2027 Financial Plan at its meeting 8 February 2023. The Financial Plan 2023/2028 has been developed to replace this and revises many of the assumptions that were made in the 2022/2027 plan. Appendix 3 details the changes and movements in budget from that previous plan.
- 1.16 The Government's focus is on Councils' 'core spending power' inclusive of locally generated resources. In the 2022 Settlement Core Spending Power for local government in England has increased by 9.2%, for this Council that increase was 4.6%. In the provisional Settlement on 18 December 2023 Core Spending Power for local government in England has increased by 6.5%, for this Council that increase is 4.5%. The core spending power analysis tables published by the 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 now permitted under the Council Tax Referendum Principles.
- 1.17 Opportunities for reducing costs, generating income streams and increasing returns from investment continue to be evaluated and progressed where appropriate.
- 1.18 As approved by Council on 28 February 2023 the MTFP includes payment of the pension lump sum at a discounted cost to reflect an early payment option. This approach 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 Council has conducted a deep review of its earmarked reserves and in the 2022/2023 year had identified £3m that could be repurposed for invest to save projects. It was also agreed that a further £2.860m needed to be transferred to General Fund Reserves to ensure that 3 years of the MTFP was funded. A further review of the earmarked reserves has since been undertaken and £2.860m has been identified to be repurposed to the General Reserve.
- 1.20 The costs for Council services have been updated. Inflation impacts since 2022 and the forecasts into 2024/2025 has impacted the Council's employee costs, asset insurance costs, vehicle running costs and other supplies and services that the Council requires to provide its services.
- 1.21 The Government's Office for Budgetary Responsibility (OBR) predicted a sharp drop in inflation from the 41 year high of 9.1% in 2022, but this did not fall as sharply as they had estimated for 2023, ending the year at 4.2%. The OBR in their forecast as at November 2023 forecast inflation to hit the 2% target in the middle of 2024. Inflation is affecting not only the Councils running costs but also individuals and business in the Borough. Supplier costs and supply delays are leading to increased vehicle maintenance costs and greater costs for insuring both vehicles and buildings. The below inflation funding settlement for the Council has led to a cautious approach when projecting funding in future years.
- 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 were frozen for 2023/2024, with the exception of trade waste and some crematorium fees, where operating and supplier costs had markedly increased. For 2024/2025 a review has been undertaken and in general an increase of approximately 10% has been applied to the Council's discretionary fees. The 10% increase is proposed in this Financial Plan to help the Council recover some of its inflationary costs of service provision, reflecting actual inflation for 2022/2023 of 8.9% (Office for National Statistics) and an estimated 6.49% for 2023/2024 (Bank of England). Where charges were increased in 2023/2024 the proposed increase for 2024/2025 reflects that an increase has already taken place and therefore the proposals in those cases are less than 10%. The average increase across all published fees and charges in the Council' schedule is 10.1%.
- 1.23 The Council will review and develop a Fees and Charges Policy to set out its aim and strategy for charging fees and the basis of reviewing fees annually or within the financial year. The Council reviews it fees in services where there are inflationary pressures or an ability to benchmark fees to align with other suppliers.
- 1.24 The Council has a planned approach for the use of the General Fund balance. As in previous years the Council continues to make use of working balances and reserves to protect against volatile changes in the cost of services, receipt of income and more significantly funding levels from business rates growth. Whilst the Financial Plan will achieve the minimum level of Earmarked Reserves and

General Fund Working Balance in 2024/2025 and 2025/2026, there remains a budget gap to address from 2026/2027 onwards.

- 1.25 The figures shown in the Financial Plan for 2023/2028 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 The Financial Plan 2023/2028 (see Appendix 1) does show that the Council can present a funded budget for two years through the use of General Fund and Earmarked Reserves, **but there is a budget gap in excess of £3m to address in 2026/2027**. The current general fund balances are required to support the budget in the event that income levels are not achieved and/or delayed, whilst further cost reductions are identified and made.
- 1.27 **There remains significant uncertainty and risk from 2025/2026**. As well as the impact from the inflation on the council's finances, the council still awaits confirmation of the outcome of the long-awaited Funding and Business Rates reforms promised by Government. The Funding Review will determine the starting point for resource allocations under any new 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 could mean the general fund depletes earlier than currently estimated.
- 1.28 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 2023/2024 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 7.

Recommendation 3

It is recommended that Council :

- 1) Approves the budget requirement of £24,353,670 for 2024/2025 and notes the projections for 2025/2026, 2026/2027 and 2027/2028.**
- 2) Approves the level of Special Expenses for the Town/Parish Councils as detailed in the report (Appendix 6).**
- 3) Approves the Fees and Charges 2024/2025 detailed in Appendix 4.**
- 4) Approves a Band D council tax of £148.37 for 2024/2025.**

Recommendation 4

It is recommended that Council approves a minimum requirement of the General Fund balance for 2024/2025 of £1,217,680 (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 2024/2025.

The REVENUE BUDGET 2023/2024

2 The Revenue Budget 2023/2024

- 2.1 The budget for 2023/2024 was presented to Cabinet on 8th February 2023 and approved by Council on 23rd February 2023 in accordance with the process for approving the financial plan 2022 - 2027.
- 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 £503,749 against a budgeted transfer of £2,641,520 decreasing the estimated balance as at 31st March 2024 to £6,499,290.

	Original Budget 2023/24 £	Forecast 30 September 2023 £	Variance Pd6 £
Borough Spend	24,929,220	25,638,420	709,200
Financing	(22,287,700)	(22,493,151)	(205,451)
Contributions to/(from) General Fund Balance	2,641,520	3,145,269	503,749

- 2.3 The following table compares the period to 30 September 2023 to the original budget for 2023/2024. Any variances are reported to Members in monitoring reports throughout the year.

P3 Forecast Outturn Position	P6 Forecast Outturn Position		
	Budget Agreed by Council 23 February 2023	Budgetary Control Monitoring Report September 2023/2024	Report Variance (Budget to September 2023)
Service	£	£	£
Central Services	3,439,690	3,504,580	64,890
Health Wellbeing and Public Protection	817,860	800,200	(17,660)
Programme and Project Delivery	(448,360)	(251,270)	197,090
Legal	668,300	536,120	(132,180)
Environment and Planning	1,856,770	2,342,110	485,340
Operations and Commercial	2,933,510	2,792,260	(141,250)
Property and Projects	(839,850)	(896,640)	(56,790)
Regeneration Housing & Place	912,730	913,410	680

P3 Forecast Outturn Position	P6 Forecast Outturn Position		
	Budget Agreed by Council 23 February 2023	Budgetary Control Monitoring Report September 2023/2024	Report Variance (Budget to September 2023)
Resources	8,829,610	8,823,860	(5,750)
Chief Executive	162,720	162,720	0
Leisure and Community Facilities	2,005,440	2,320,270	314,830
Financing Adjustment	1,343,670	1,343,670	0
Internal Drainage Boards	3,247,130	3,247,130	0
Borough Spend	24,929,220	25,638,420	709,200
Contributions to/(from) General Fund Balance	(2,641,520)	(3,145,269)	(503,749)
Borough Requirement	22,287,700	22,493,151	205,451

- 2.4 Any further variances between the revised budget and actual outturn for 2023/2024 will be shown in Monitoring Reports for the remainder of the financial year and in the Final Accounts Outturn Report for 2023/2024.
- 2.5 The net impact of the projected outturn 2023/2024, as detailed above, on the overall level of General Fund balance is as follows:

Projected Movements in General Fund Balances	2023/2024 £
Balance brought forward 1 April 2023	9,644,559
Estimated contribution to/(from) Balances	(3,145,269)
Projected General Fund Balance 31 March 2024	6,499,290

- 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 Plan 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 2023/2024 as set out in the report.

The Financial Plan 2023/2028

3 The Medium-Term Financial Plan 2023/2028 - Funding

3.1 Revenue Support Grant (RSG) and Rural Services Delivery Grant (RSDG)

3.1.1 The provisional local government finance settlement was announced for consultation on the 18 December 2023 confirming the funding of a one-year settlement for 2024/2025. The Medium-Term Financial Plan (MTFP) assumes a continuation of Revenue Support Grant or similar throughout the plan with a 6.6% increase over 2023/2024. The Government has frozen RSDG for 2024/2025. The plan assumes RSDG or an equivalent will be continued to the end of the MTFP.

3.1.2 On 24 January 2024, the government made a further announcement following the provisional Funding Settlement on 18 December 2023. Nationally this comprises of a further increase to the Funding Guarantee Grant from 3% to 4%, an additional £15 million for the Rural Services Delivery Grant and £3 million for authorities most significantly impacted with Internal Drainage Board levies. However, at the time of reporting, the detailed impact for BCKLWN has not been published, but is expected to be published in early February 2024. This will be reflected in the updates to Council on 22 February 2024.

3.1.3 The RSG and RSDG funding that BCKLWN will receive is set out in the table below. It should be noted that the following grants were combined into Revenue Support Grant in 2023/2024:-

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

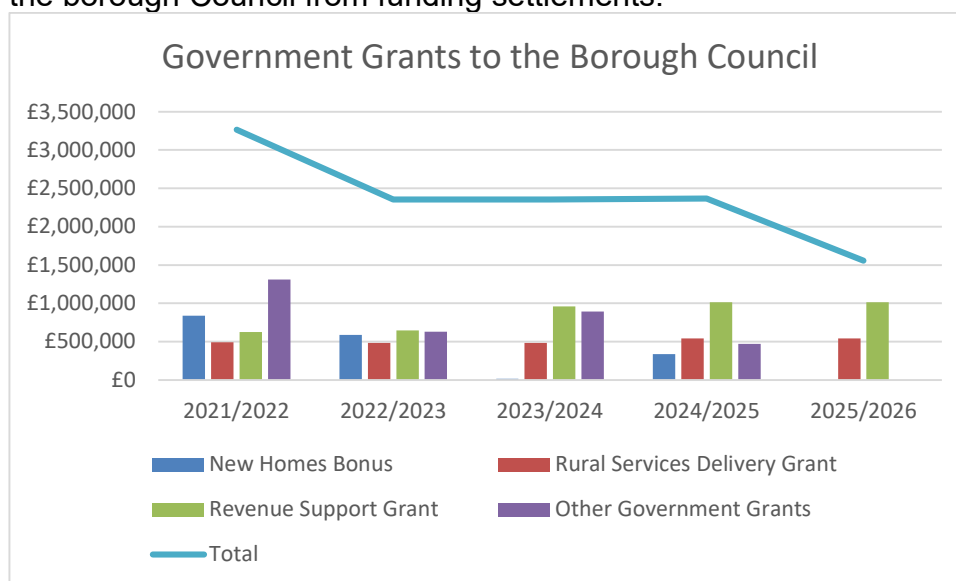
Receipt of Funding	RSG £	RSDG £
2023/2024	(952,100)	(542,825)
2024/2025	(1,015,164)	(542,825)
2025/2026	(1,015,164)	(542,825)
2026/2027	(1,015,164)	(542,825)
2027/2028	(1,015,164)	(542,825)

3.2 Other Government Funding

3.2.1 In addition to RSG and RSDG, Government also announced the following funding to support local authorities in 2024/2025. The indicative allocations are set out below and included in the Financial Plan for 2024/2025:

	2023/2024	2024/2025
Funding Guarantee Grant	614,790	435,061
Service Grant	222,090	34,946
New Homes Bonus	14,560	338,621
Total	851,440	808,628

3.2.2 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 As with the previously agreed plan, the Financial Plan is reliant upon drawing sums from the general fund reserve balance. The use of reserves is clearly a temporary measure which cannot be sustained. The Council continues to work towards bringing spending in line with income in advance of 2026/2027 when the general fund balance is estimated to be at the minimum required level of 5% of the budget.

3.3.2 In the Policy Statement published on 6 December the government encourages “local authorities to consider how they can use their reserves to maintain services in the face of immediate inflationary pressures, taking account, of course, of the need to maintain appropriate levels of reserves to support councils’ financial sustainability and future investment”. The Council holds earmarked reserves in order to provide cover of known risks and enable response to immediate events and emergencies. In light of the above advice the Council has reviewed and released earmarked reserves to the General Fund Reserve. This review during 2023/2024 has identified £1.471m of specific reserves that have been repurposed to the General Reserve. The Councils Senior Leadership Team have agreed to apply a top slice to earmarked reserves to achieve the remaining £1.389m. This is due to be actioned in Spring 2024. However, it should be noted that reserves can only be spent once and that using reserves is not a solution to the long-term financial pressures that councils face.

3.3.3 The preparation of the proposed MTFP 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. Frequent liaison with Crown Commercial Services has resulted in the below favourable revisions to budget.

	Original Budget	Proposed Budget	Reduction
	2024/2025	2024/2025	
	£	£	£
Gas	530,700	247,290	(283,410)
Electricity	2,360,780	1,485,960	(874,820)
Total	2,891,480	1,733,250	(1,158,230)

- The Council keep under frequent review its reserves that are earmarked for specific obligations and risk. As this review continues, options to fund Capital spend from borrowing are being considered and if proven to improve cost-effectiveness over reliance on reserves, will then release more reserves for reducing the funding gap.
- The Council, as with any organisation of its size, can derive savings during the period that an employee role is vacant. Throughout the past year a reasonable number of vacant posts has been identified as a regularity on average. Changes to the employment market add to the Council's recruitment difficulties causing posts to be vacant for longer periods. This contributes towards a savings target from employee turnover and after allowing for costs incurred to cover for and recruit to a vacancy, and is forecast to achieve £1m for 2023/2024. This plan proposes that the target is set £1m for 2024/2025 and reduced back to £550,000 thereafter. Allowing continued monitoring of the Council's staff turnover and recruitment timescales.

3.4 Cost Management and Income Generation Plan (CMIG)

3.4.1 In developing this Financial Plan, opportunities have been identified for cost management and income generation which will help close the budget gap over the term of the Financial Plan. The Council retains a £3m reserve from repurposed earmarked reserves for use towards these initiatives. However, should there be a lack of initiatives coming through, then there is the option to retain this funding to help fund the gap in 2026/2027.

3.4.2 The following table summarises the initiatives, identified to date, that will support the reduction of the budget gap.

	2024/2025	2025/2026	2026/2027
	£	£	£
Additional revenue from new or improved Council owned assets.	95,000	193,000	193,000
Optimise income streams - including improved cost recovery of chargeable services, council tax premiums on second/empty homes, grant income and review of rental incomes.	90,000	636,000	1,448,000
Review of contracts for goods and services to achieve best value for money.	10,000	60,000	110,000
Review Service Level Agreements including with Council owned companies.	25,000	50,000	50,000
Space utilisation - more efficient use of the Council's buildings to enable increased commercial income.		125,000	250,000
More Efficient systems and processes.		5,000	5,000
Reduction of some operating budgets reflecting reducing spend and changed ways of working.	270,000	270,000	270,000
Total	490,000	1,339,000	2,326,000

3.4.3 The following table shows the impact on the funding gap if all initiatives are achieved which would result in removing the funding gap in 2026/2027 and reducing the funding gap in 2027/2028 from £5.9m to £2.6m.

	2024/2025	2025/2026	2026/2027	2027/2028
	£	£	£	£
Cost Management and Income Generation Savings	490,000	1,339,000	2,326,000	2,326,000
Funding Gap (without estimated savings)	0	0	3,747,115	5,970,510
Funding Gap (with estimated savings)	0	0	0	3,236,624

3.4.4 Work continues to evaluate the impact of inflation on yet to be commenced capital projects. Reviews of capital programme include consideration of rephasing projects and funding streams against expected delivery timescales, taking into account resource and capacity levels in the authority.

3.5 Retained Business Rates

3.5.1 The baseline business rates funding allocation was announced on 18 December 2023. For 2024/2025 the Government has specified that the Small Business multiplier and Standard multiplier are now independent of each other and can be

updated separately. In addition all businesses with a RV under £51,000 will have their bill calculated using the Small Business multiplier. The Small Business multiplier remains frozen at 49.9p, however the Standard multiplier is updated by 6.6% for 2024/2025 to 54.6p.

- 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 a three yearly exercise as opposed to every five 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 confirmed the continuation of a number of reliefs into 2024/2025:
- A discount for all eligible retail, hospitality and leisure businesses, regardless of their rateable value, continuing at 75% in 2024/2025, subject to a cash cap of £110,000 per ratepayer,
 - Phased increases for higher bills caused by rises in Rateable Values at the 2023 revaluation
 - The scheme to limit increases in bills where businesses have lost certain reliefs due to the 2023 revaluation, and
 - The continuation of the £1,500 annual discount for office space occupied by local newspapers to 31 March 2025.
- 3.5.5 In addition legislation has been passed for 2024/2025 to increase mandatory Rural Rate Relief from 50% to 100%, removing the need for 50% discretionary relief, and a new Improvement Relief is introduced so ratepayers making qualifying improvements to their properties have a year before their business rates bill goes up.
- 3.5.6 A pooling arrangement has been agreed for the 2024/2025 financial year. The financial benefit to Norfolk as a whole (from the current 50% Business Rates Retention Scheme) is estimated at £7.2m representing the additional growth that will be retained locally and shared between the District Councils and County Council.
- 3.5.7 The Government was due to move to a 75% Business Rates Retention Scheme from 2021/2022. The council has previously participated and benefitted from a pilot scheme with the other Norfolk authorities. The implementation of a new scheme had already been delayed due to government having to prioritise implementation of Brexit and responding to the pandemic. The implications for the future of the scheme remains in doubt as a result of Government's confirmed delay

to its review into relative needs and resources, i.e. Fair Funding Review.

3.5.8 The baseline funding for 2024/2025 is the amount that was published on 18 December 2023 as part of the Provisional Local Government Finance Settlement for 2024/2025. The future 3 years of the medium-term financial plan 2023–2028 are calculated on the baseline business rates figure for 2023/2024 with no growth uplift (see Appendix 1).

3.5.9 Business rate assumptions included in the Financial Plan 2023/2028 is detailed in Appendix 1.

3.5.10 The review into relative needs and resources by Government as part of the previously announced Fair Funding Review is expected to redistribute business rates. It can be anticipated that there will be winners and losers as a result of the funding review. It is not known how the impact of the inflation and support for services responding to increasing demand from the rapid increase in cost of living will be reflected in any future consultations to funding reforms.

3.5.11 In preparing the Financial Plan 2023/2028 there are no assumptions for any new growth in business rates from 2024/2025 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.

3.5.12 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 £2,850,000 of income each year. This is another area of considerable risk if the council loses this income as part of the Government reforms to local authority funding.

3.5.13 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 come back to the Council. Administrative costs are deducted then 1/3 is allocated to Norfolk County Council, 1/3 is split equally across district councils (1/7th per district council) and the remaining 1/3 is split as 1/3 to Norfolk County Council and 2/3 split across district councils based on growth

achieved. There is currently no surplus included in the Financial Plan 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 announced, as part of the Provisional Finance Settlement for 2024/2025, the method for calculating the NHB will not change from 2023/2024 and new payments will not attract legacy payments. The threshold over which the bonus is paid remains at 0.4 per cent.
- 3.6.2 The allocation to the Council for 2024/2025 is £338,600, up from £14,560 in 2023/2024. This is due to a substantial number of new properties being added to the council tax list, plus a premium payment for the level of affordable units completed in the area.
- 3.6.3 The Government says that they will set out the future position of New Homes Bonus ahead of the 2024/2025 local government finance settlement. In setting the Financial Plan 2023-2028 it has been assumed that there will be no funding allocations beyond 2024/2025.

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 Plan. 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 for 2022/2023 shows small surplus of approximately £14,000. The cost of living crisis is likely to increase council tax arrears and impact on construction of new properties in the borough. Therefore, a zero surplus was included until 2027/2028.
- 3.7.4 It is anticipated that any surplus contained in the Collection Fund and available for distribution will be reduced in future 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.

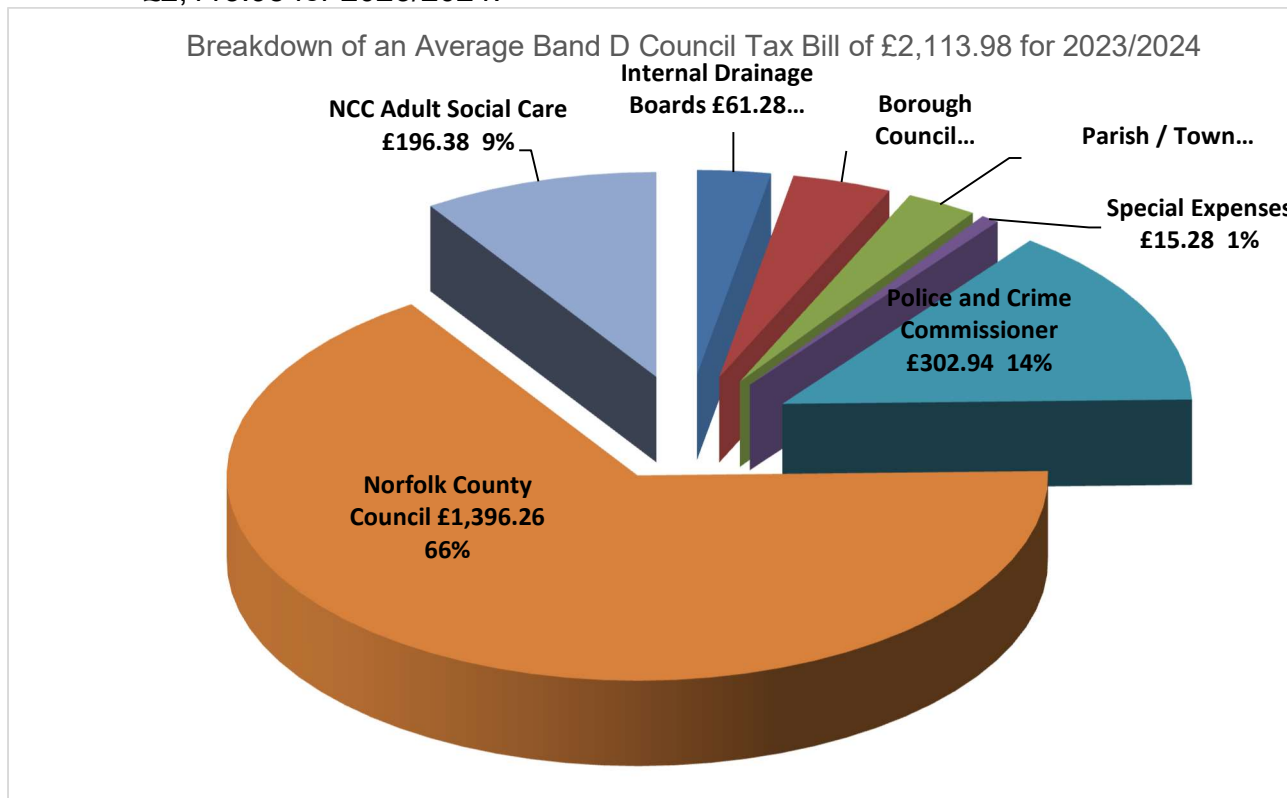
3.8.4 The full tax base for 2023/2024 is 52,984. For 2024/2024 the tax base is assumed to be 53,747, an increase of 763 Band D equivalent properties (based on the actual figures) and then for the subsequent years the assumption is that the tax base will rise by the equivalent of 300 Band D properties per annum.

3.8.5 Council Tax 2023/2024

The Borough Council element of the full council tax bill in 2023/2024 for a Band D property is £143.87 out of a total of £2113.98 (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 2022/2023 the Borough Council's charge forms a very small part of the bill (£82.17, 4.08% of a Band D Council Tax bill) collected from every council taxpayer. The balance from the £139.37 is collected for Internal Drainage Boards (£57.20, 2.84% 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 £2,113.98 for 2023/2024.

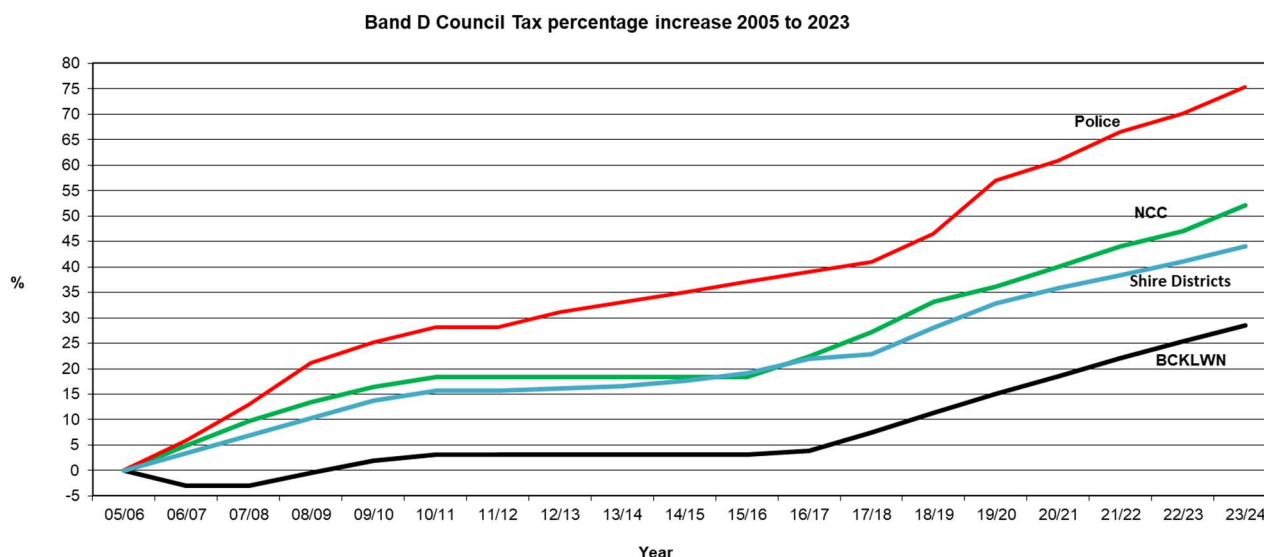


2023/2024	Average Band D	%
Internal Drainage Boards ¹	£61.28	2.9%
Borough Council ²	£82.59	3.9%
Parish / Town Precepts	£59.25	2.8%
Special Expenses	£15.28	0.7%
Police and Crime Commissioner	£302.94	14.3%
Norfolk County Council	£1,396.26	66.0%
NCC Adult Social Care	£196.38	9.3%
Total	£2,113.98	100.0%
Internal Drainage Boards ¹	£61.28	2.9%
Borough Council ²	£82.59	3.9%
The Borough Council Band D Council Tax amount ³	£143.87	6.8%

³The 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 2023/2024 the cumulative Band D charge of £143.87 amounts to an increase of 32% above the 2005/2006 figure of £108.67. The average cumulative increase in council tax for shire areas in England over the same period 2005/2006 to 2023/2024 has been 48.0%. The Consumer Price Index (CPI) has increased by 68% over that period (April 2005 to November 2023). The Council's council tax increases have been lower than CPI and the average of shire districts 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 2023/2024. The increase in the County Council precept from 2020/2021 includes the additional permitted increase for Adult Social Care.



Council Tax 2023/2024 and Future Years

3.8.9 The Government focus is on Councils' 'core spending power' inclusive of locally generated resources. 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 2024/2025' published on 18 December 2023 state that for the borough council the principles for 2024/2025 no more than :

- (a) 3%, or more than 3%, greater than its relevant basic amount of council tax for 2023/2024; and
- (b) more than £5 greater than its relevant basic amount of council tax for 2023/2024.

3.8.11 The figures shown in the Financial Plan for 2023/2028 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 2024/2025 are:

Band	2024/2025
	£
A*	82.43
A	98.91
B	115.40
C	131.88
D	148.37
E	181.34
F	214.31
G	247.28
H	296.74

* The Council reduces the charge to a property classed as Band A to £82.43 per annum when it is eligible for Disabled relief (5/9th of Band D).

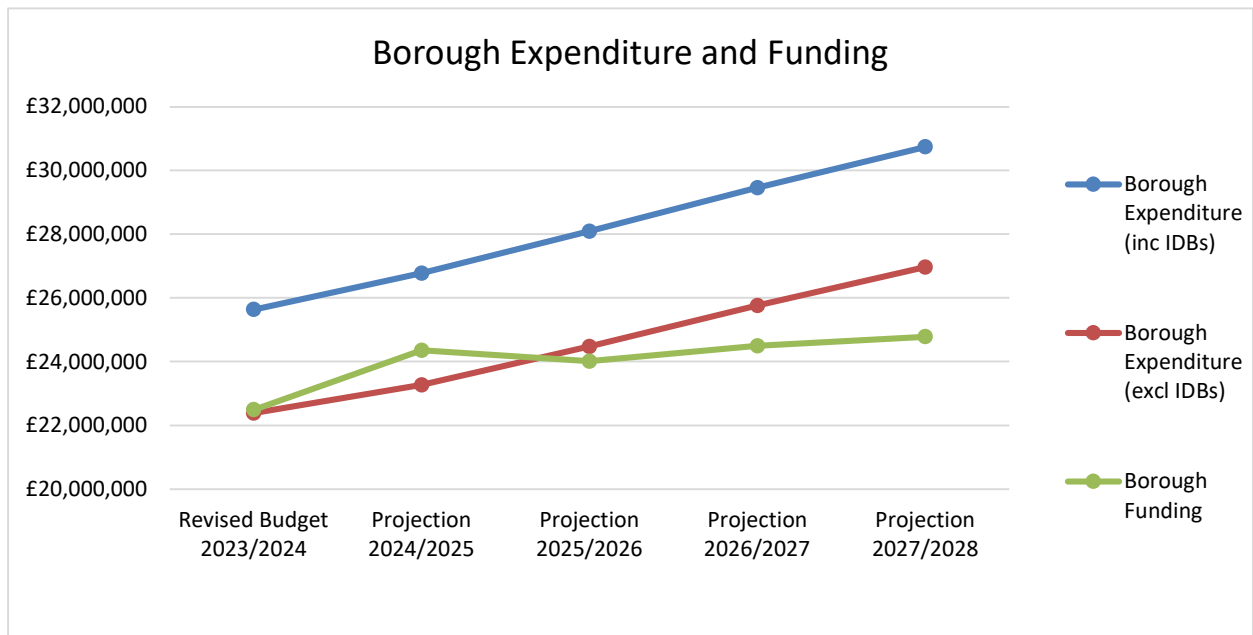
3.9 Overall Funding Position

3.9.1 In a statement made on 12 December 2022 by the Secretary of State for Leveling-up, Housing and Communities (DLUHC) the intention to publish a two-year settlement was made. However, this came with the confirmation that the Review of Relative Needs and Resources and a reset to Business Rates growth will not be implemented in the next two years. The Revenue Support Grant being paid for two years (2023/2024 and 2024/2025) at 2021/2022 level plus an increase for inflation (10.1% CPI) and 1% the following year. The Rural Services Delivery Grant is frozen at 2021/22 levels but again is provided for 2023/24 and 2024/2025. However, there is still concern over whether the forecast Business Rates growth levels included in the Plan will be held at those levels or not.

3.9.2 The significant risk is from 2025/2026. A high degree of uncertainty exists from the impact of the invasion of the Ukraine as well as the impact from the inflation on the council's finances, the council still awaits confirmation of the outcome of the Funding and Business Rates reforms proposed by Government. Legislation for this is not likely until 2025/2026 at the earliest to follow the next planned General Election. The reforms to the Business Rates Retention scheme should have been implemented by now but have been delayed further due to the pandemic Ahead of this a re-set of the business rates baseline is being implemented from 1 April

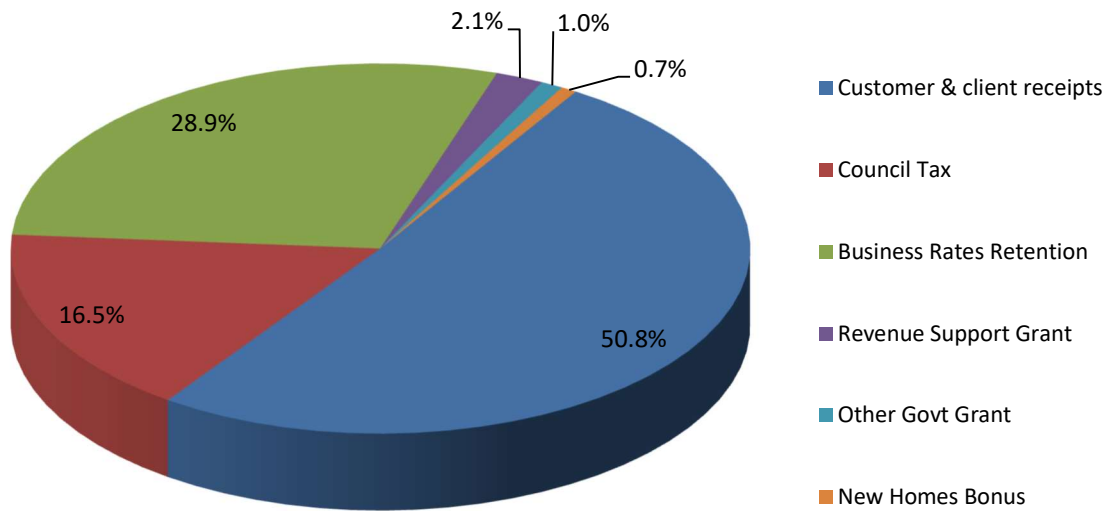
2023 where the implication is that the Council does not retain all the growth currently included within the Financial Plan. It is expected that DLUHC will in the next 12 to 18 months program its review of funding reforms with a view to implementing from 2025/2026. The aim of these reforms is to move councils to be more self-financing and reduce reliance on central government grants and also to ensure that funding allocations are based on an up-to-date assessment of needs and resources.

3.9.3 The graph below shows how the gap between expenditure and funding is forecast to widen over the period of the Financial Plan.

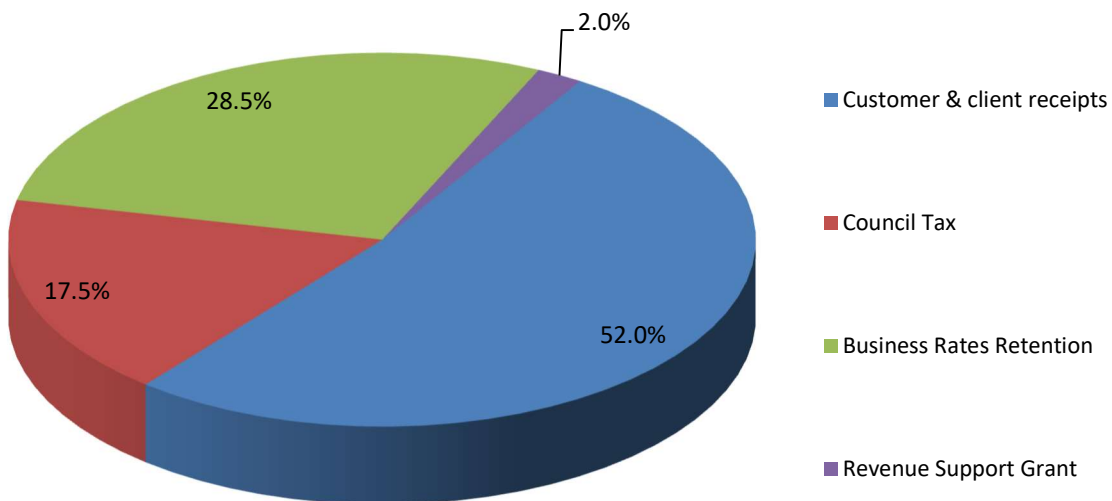


3.9.4 A comparison of the overall funding streams is shown in the following diagrams. A comparison of expenditure by theme is shown in the next section.

Budgeted Income for 2023/2024



Forecast Income for 2027/2028

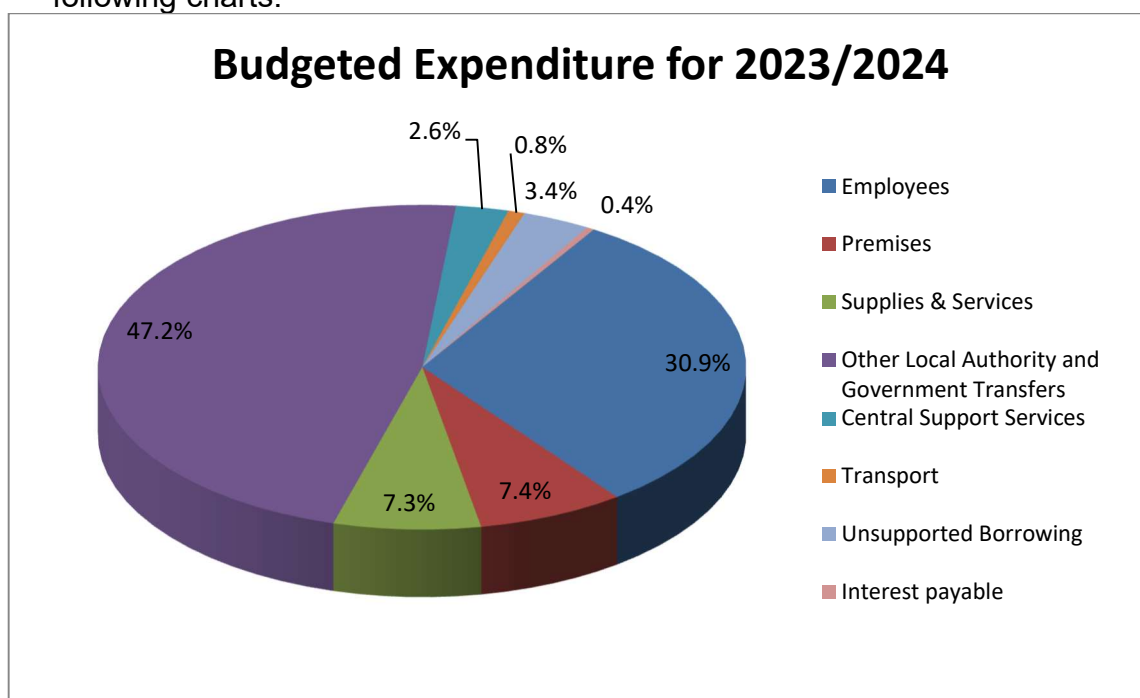


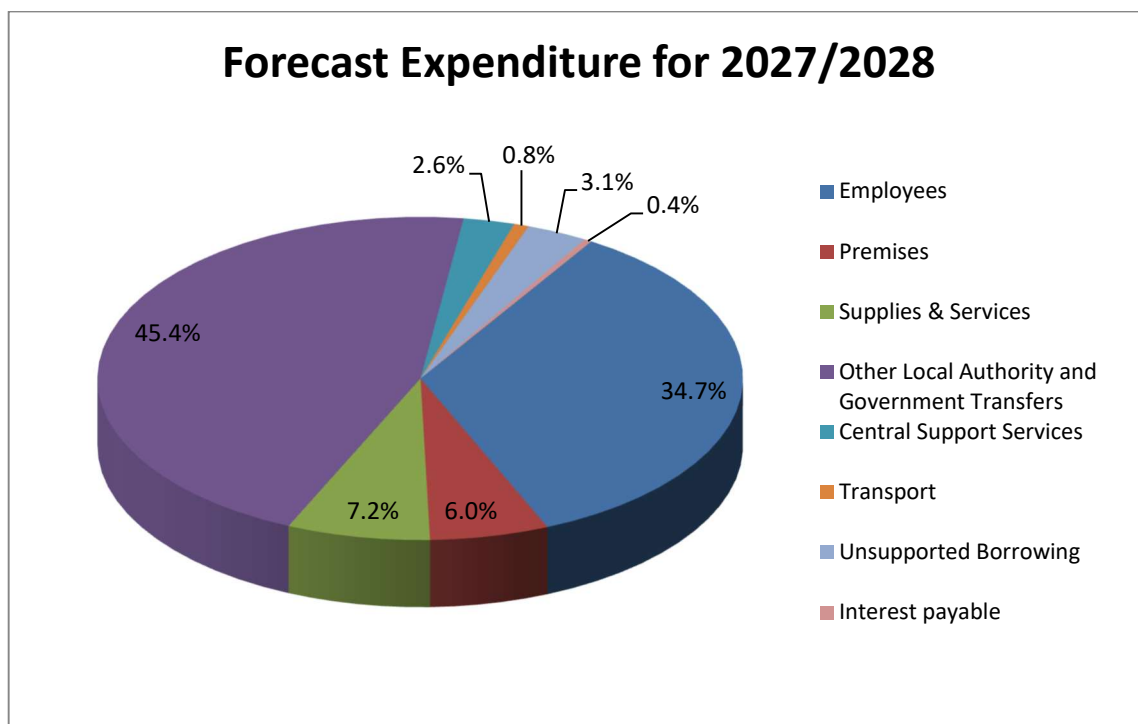
4. Cost of Services

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 November 2022. The Council has seen increasing costs being passed on in many supplies and services which has resulted in much higher increases than seen in previous years. Key areas are shown below:

Inflation Assumptions	2024/2025 %	2025/2026 %	2026/2027 %	2027/2028 %
Salaries (cost of living)	3.5	2.5	2.5	2.5
Business rates	1.9	0.9	0.9	0.7
Electricity price	(38.0)	3.3	2.3	1.9
Gas	(53.0)	3.3	2.3	1.9
Water (unmeasured)	3.0	3.3	2.3	1.9
Vehicle Fuel	6.5	3.3	2.3	1.9

4.1.2 A comparison of spend in the first and last year of the MTFP is shown in the following charts.





4.2 Changes to the Current Financial Plan

4.2.1 The projections for the years 2023/2024, 2024/2025, 2025/2026 and 2026/2027 were revised as part of developing the new Financial Plan. The table below updates those projections and shows how the revision of service costs has impacted on the Financial Plan.

Financial Plan	2023/2024 £	2024/2025 £	2025/2026 £	2026/2027 £
Estimates projection February 2023	24,929,220	25,708,860	26,985,990	27,837,310
Net adjustments as part of developing the 2023/2024 to 2027/2028 Financial Plan	709,200	1,067,090	1,109,650	1,626,360
New Budget projection	25,638,420	26,775,950	28,095,640	29,463,670

*Quarter 2 - 2023/2024 Monitoring

4.2.2 The detailed service budgets of the Financial Plan 2023/2028 are shown at Appendix 2. A detailed analysis for 2024/2025 of the changes and movements between the "Original" budget projection made in February 2023 and the "Proposed" estimates for the 2024/2025 in the 2023/2028 Financial Plan is provided in Appendix 3.

4.2.3 The projection for 2027/2028 has now been prepared. The main movements are shown in the table below:

	2027/2028
	£
Borough Spend projection for 2026/2027	29,463,670
<u>The main changes to the Plan are:</u>	
Increase in Internal Drainage Board levies	71,540
Inflation on salary costs	1,133,110
Net decrease in interest receivable	2,120
Increase in rates on council premises	8,150
Vehicle Fuel	5,120
Increase for Insurance Premiums	73,380
Reduction in professional fees from 2026/2027 when valuations are budgeted for.	(70,280)
Increase in utility costs	41,290
Customer and client receipts	(88,430)
Increase in general grants and contributions - Housing, Environmental Protection	(38,970)
Increase in transfer to reserves	94,660
Net reduction in benefit subsidy and Council Tax Support Administration grant	38,360
Other net movements	9,880
New budget projection for 2027/2028	30,743,600

4.3 Fees and Charges 2024/2025

4.3.1 Fees and charges have been reviewed as part of the estimates process and the general principle has previously been to increase charges in line with CPI projections. However, the discretionary fees and charges of the Council were frozen for 2023/2024, with the exception of trade waste and some crematorium fees, where operating and supplier costs had markedly increased and this had been reflected in the fees charged by other providers. For 2024/2025 a review has been undertaken and in general an increase of approximately 10% has been applied to the Council's discretionary fees. The 10% increase is proposed in this Financial Plan to help the Council recover some of its inflationary costs of service provision, reflecting actual inflation for 2022/2023 of 8.9% (Office for National Statistics) and an estimated 6.49% for 2023/2024 (Bank of England). Where charges were increased in 2023/2024 the increase proposed reflects that increase had already taken place for the current year and therefore the proposals for 2024/2025 are less than 10%.

4.3.2 Private hire and Hackney Carriage Licenses have not been included for an increase at this time. They will be reviewed in the 2024/2025 and a consultation will be conducted under a formal published notice. Animal welfare licences have been reviewed and revised in December 2023 under a published officer delegated decision. Changes for street naming and numbering charges also came into effect under an officer delegated decision in December 2023. Charges for Careline have not been increased following a comparison to other providers and with the aim of supporting and retaining existing customers.

4.3.3 Car parking fees have on average been increased by 11.9% whereas operating costs to the Council are estimated to increase by an average of 15%. Funeral service fees were not increased for 2023/2024 and so it is proposed to increase these by an average of 9.5% in 2024/2025. Crematorium fees are increasing on average by an average 7.7%, with the specific fees that were increased in 20223/2024 being increased by a proposed 5% for 2024/2025. The average increase across all published fees and charges in the Council' schedule is 10.1%.

4.3.3 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 4.

4.3.4 The Council will review and develop a Fees and Charges Policy for consideration and adoption in 2024/2025. The Policy will set out the Council's aim and strategy for charging fees and the basis of reviewing fees annually or within the financial year.

4.4 Corporate Business Plan, Service Plans and Investment

4.4.1 On 23 November 2023 the Council approved the new 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 Plan has been developed to underpin delivery of the Annual Plan for 2024/2025.

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 Plan 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 plan
- 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 has set its permanent establishment at a level which in effect acts as a 'cap' on the permanent staffing levels and approval for additional posts is generally only given if a compensating reduction in the establishment can be offered or if the posts are required to meet new commercially funded operations where there is a clear business benefit to the borough council. Control on staffing is also monitored through the level of the payroll.

4.6.2 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.

2019/2020	2% and minimum pay £9.00 per hour
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

4.6.3 The Financial Plan 2023/2028 includes a contingency in the first year to mitigate uncertainty around the level of pay award arising from volatility of inflation levels. The level of increase will be subject to separate reports to Council each year. 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.

	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
	£	£	£	£	£
Interest Charged for Unsupported Borrowing	(241,590)	(308,710)	(305,760)	(319,710)	(323,480)
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	(1,004,420)	(679,930)	(430,270)	(362,470)	(362,470)
External Interest Receipts - lending	(9,930)	(9,060)	(8,350)	(7,550)	(6,630)
Minimum Revenue Provision	896,920	937,820	937,820	937,820	937,820
REFCUS	1,774,840	1,774,840	1,774,840	1,774,840	1,774,840
Interest Receivable (West Norfolk Housing Company)	(189,410)	(177,580)	(176,080)	(174,510)	(173,310)
TOTAL	1,618,410	1,929,380	2,184,200	2,240,420	2,238,770

Interest rates – The UK Bank Rate has been held at 5.25% since August 2023. December's CPI inflation figure rose unexpectedly for the first time in almost a year, albeit by a small 0.1% to 4% – double the 2% target. The Bank of England has also been keen to stress that rates will not be coming down anytime soon. This has an impact on both the interest paid on borrowing and our interest received on investment income. The increase in Interest Receipts - lending relates to repayments of interest on a loan from the Council owned West Norfolk Property Limited. 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 does have an impact on the council taxpayer who picks up the residual costs.** Clearly with the increasing pressure on RSG any increase in IDB levies in future will have to be met from council tax or cost savings. The budget of £3,502,890 for 2024/2025 is based on estimated inflationary increases (as discussed with Drainage Boards) of between 0% to 18.18% for inflation. These estimated precepts are listed in Appendix 5.

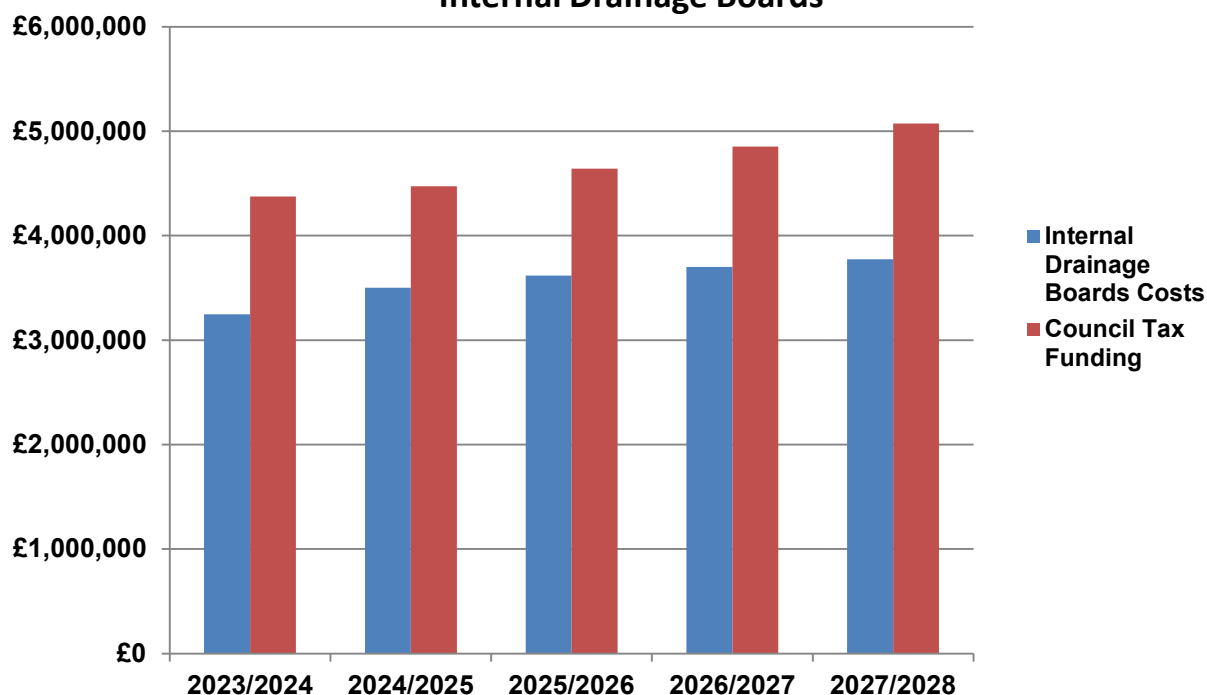
4.8.2 The following shows how much of the council tax to be collected by the authority (based on Council Tax Band D property charge) is estimated¹ to be paid across to Internal Drainage Boards the current year 2023/2024 and estimated for 2024/2025:

	2024/2025		2023/2024		Increase per Band D Property	
Internal Drainage Boards	£65.17	44%	£61.28	43%	£3.89	6%
Borough Council	£83.20	56%	£82.59	57%	£0.61	1%
Total	£148.37	100%	£143.87	100%	£4.50	3%

¹ 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.

Amount of Council Tax raised that is passed over to the Internal Drainage Boards



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 2024/2025, the cost of services provided to Parish Councils 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 Parish Council under Special expenses is included in the MTFP at £954,790, whilst the amount that can be collected via Council Tax is £847,600. A shortfall of £107,190, which for 2024/2025, the Council will have to absorb into its own costs. The Council will consider the arrangements incurring these costs and funding as part of its plan for cost management and income generation.
- 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 6.

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 Plan requires a drawdown from balances from 2023/2024 onwards in order to “balance the budget”. In 2026/2027 as reserve levels will be at minimum levels there remains an estimated budget gap from 2026/2027 of £3,747,115 and in 2027/2028 of £5,970,510 which need to be addressed.

	2023/2024 £	2024/2025 £	2025/2026 £	2026/2027 £	2027/2028 £
Estimated Contribution To/(From) General Fund Balance to balance the budget	(3,145,270)	(2,422,280)	(4,079,000)	(4,969,040)	(5,955,850)
Remaining Budget Gap	0	0	0	3,747,115	5,970,510

*General Reserve balance reduced to minimum level and leaves budget gap as set out in the plan.

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 Plan 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 It has been recognized that there is a risk around payment of the Management Fee income of £412k to the Council by its wholly owned company Alive West Norfolk in 2023/2024 and that this will continue into 2024/2025. The Board of Alive West Norfolk are currently reviewing their financial position as part of their own budget setting process and have now confirmed that it is unlikely they will be in a position to pay the management fee in 2024/2025. However, whilst the Board are dealing with the short term financial issue, it is their intention to focus on stabilizing their financial position to support the council's goals in the Corporate Strategy and will bring a report to the Council on further proposals in the Spring. The impact of this has been reflected in the budget and at Section 7 as part of the general fund reserves.

4.10.7 For the other reserves, their use 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.

4.10.8 Cabinet reviewed the Earmarked Reserves balances and limits at its meeting 1

August 2023 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 on 1 August 2023 as reported in Appendix 7 to this report.

4.10.8 Current and Proposed Reserve limits.

Reserves Policy Area	Balance as at 1 April 2024 £'000	Current Minimum balance to be held £'000	Current Maximum balance to be held £'000	Proposed new maximum balance to be held £'000
Amenity Areas	36	0	300	300
Capital Programme Resources	5,352	0	8,500	6,000
Educational Skills Attainment	240	0	1,100	250
Insurance Reserve	191	50	300	300
Restructuring Reserve	271	150	800	300
Repairs and Renewals Reserve	1,888	500	2,000	2,000
Holding Accounts	3,251	200	3,000	4,000
Ring Fenced Reserves	4,109	50	4,300	4,300
Climate Change Strategy	989		1,250	1,250
Planning Reserves	406	0	800	800
Grants Reserves	3,806	0	4,800	4,800
Collection Fund Adjustment Reserve	6,552	0	11,500	8,000
Projects Reserve	3,869	0	4,400	4,400
Other Total	129	0	500	500
	31,089	950	43,550	37,200

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 7.

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 7.

4.11 Budget Requirement 2022/2023

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 2024/2025 the Budget Requirement for the Council is £24,353,670. This sum is to be met from Government Formula Funding, Business Rates growth retention, New Homes Bonus, any Collection Fund surplus and Council Tax. This also requires a contribution from general fund reserves of £2,422,280.

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 2023 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 and the government seeing clear evidence of restraint in the increases set by the sector as a whole. In 2023/2024, the average Band D parish precept in West Norfolk increased by 6.9%. (6.1% nationally¹) The Government will review the level of increase set by parishes in 2023/2024 when considering next year's settlement.

¹ Council Tax levels set by local authorities in England 2023 to 2024 - GOV.UK (www.gov.uk)

6 Full Council Tax 2023/2024

- 6.1 In order to calculate the full Council Tax for 2023/2024 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 £24,353,670 for 2024/2025 and notes the projections for 2025/2026, 2026/2027 and 2027/2028.**
- 2) Approves the level of Special Expenses for the Town/Parish Councils as detailed in the report (Appendix 6).**
- 3) Approves the Fees and Charges 2023/2024 detailed in Appendix 4.**
- 4) Approves a Band D council tax of £143.87 for 2023/2024.**

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 Plan 2023/2028. The projected position for the period of the Financial Plan is provided in the following table which includes a risk around the Management Fee income from Alive West Norfolk as set out in section 4.10.6.

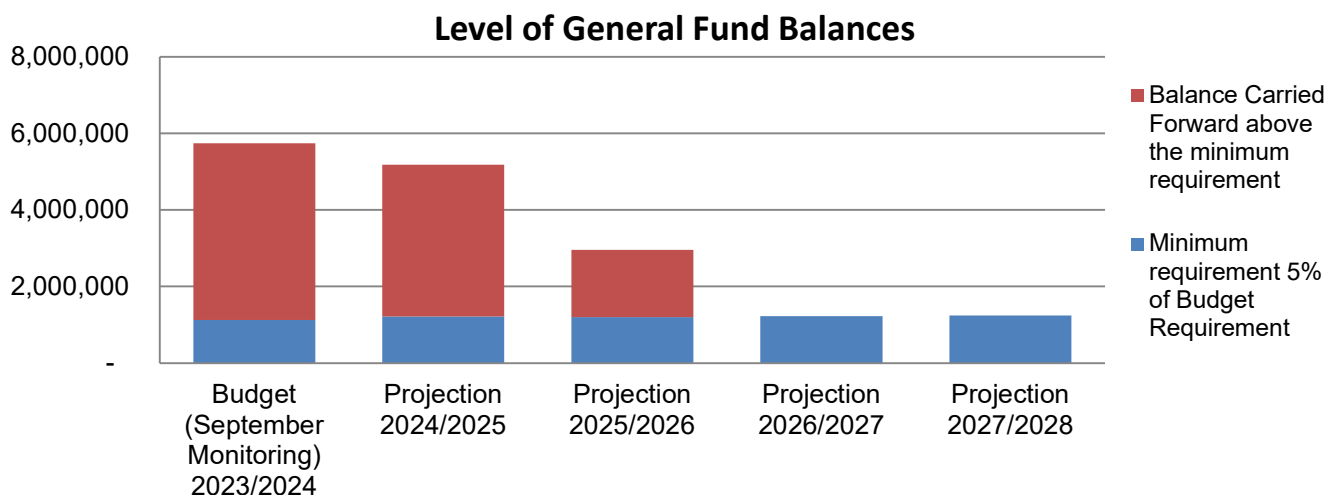
Projected Movements in General Fund Balances:

Projected Movements in General Fund Balances	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
	£	£	£	£	£
Opening Balance	9,644,559	5,327,936	4,715,656	2,446,656	1,224,730
Repurposed reserves achieved for 2023/2024	1,471,359	0	0	0	0
Target repurposed reserves remaining balance for 2023/2024	1,389,287	0	0	0	0
AWN Management Fee - Risk	(412,000)	0	0	0	0
Pension Lump Sum Replenishment	(3,620,000)	1,810,000	1,810,000	0	0
Estimated contribution to / (from) GF Fund Budget	(3,145,269)	(2,422,280)	(4,079,000)	(1,221,926)	14,660
Closing Balance	5,327,936	4,715,656	2,446,656	1,224,730	1,239,390

7.2 The following shows the impact on General Fund Reserve if the estimated delivery of the Cost Management and Income Generation Plan is achieved.

Projected Movements in General Fund Balances (incl Cost management & Income Generation Plan)	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
	£	£	£	£	£
Opening Balance	9,644,559	5,327,936	5,205,656	4,275,656	1,632,616
Cost Management & Income Generation Plan Delivery	0	490,000	1,339,000	2,326,000	2,326,000
Repurposed reserves achieved for 2023/2024	1,471,359	0	0	0	0
Target repurposed reserves remaining balance for 2023/2024	1,389,287	0	0	0	0
AWN Management Fee - Risk	(412,000)	0	0	0	0
Pension Lump Sum Replenishment	(3,620,000)	1,810,000	1,810,000	0	0
Estimated contribution to / (from) GF Fund Budget	(3,145,269)	(2,422,280)	(4,079,000)	(4,969,040)	(2,719,226)
Closing Balance	5,327,936	5,205,656	4,275,656	1,632,616	1,239,390

7.3 The chart below shows how the General Fund Balances are used over the period of the Financial Plan with the balance in 2026/2027 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 2026/2027. Target savings will need to be identified and achieved prior to 2026/2027 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 2024/25 of £1,217,680 (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 7 February 2024. 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 Plan.
- 9.2 The framework within which the Council's budget setting process operates and within which the financial plan 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 plan 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. DLUHC have recently announced that they want to review the way reserves are presented. The council's development of reporting for use of reserves and reserves held, will need to have consideration of DLUHC requirements when these are confirmed.

Robustness of Estimates - Overview

- 9.4 Following the government announcement on 24 January 2024, amending the provisional Funding Settlement from 18 December 2023, the Council still awaits confirmation of the impact to government grants. Revision 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 22 February 2024.**

9.5 Delivering the MTFP

The MTFP 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 plan 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 plan 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 cost management and income generation proposals 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.

10 Consultation

- 10.1 The Council met with representatives of the business and voluntary sector community on 18 January 2024 to seek their opinions. Draft notes of the meeting will be made available to Cabinet on 7 February 2024.
- 10.2 A number of staff briefings are being held during January 2024. 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.
- 10.3 As part of the budget process a Joint Panel Meeting will be held on 1 February 2024 and the draft minutes from the meeting will be presented to Cabinet on 7 February 2024.

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 Plan 2023-2027
Capital Programme 2023-2027 and 2023-2028
Monitoring Reports 2023/2024

Finance Settlement

The suite of supporting documents for the provisional local government finance settlement 2024/2025 can be found by clicking on the following link:

[Consultation: provisional local government finance settlement 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/provisional-local-government-finance-settlement-2024-to-2025)