Public Document Pack

Overview & Scrutiny Committee

Please contact: Democratic Services
Please email: democraticservices@north-norfolk.gov.uk
Please direct dial on: 01263 516108

Tuesday, 14 January 2025

A meeting of the **Overview & Scrutiny Committee** of North Norfolk District Council will be held in the **Council Chamber - Council Offices** on **Wednesday, 22 January 2025** at **9.30 am**.

At the discretion of the Chairman, a short break will be taken after the meeting has been running for approximately one and a half hours

Members of the public who wish to ask a question or speak on an agenda item are requested to notify the committee clerk 24 hours in advance of the meeting and arrive at least 15 minutes before the start of the meeting. This is to allow time for the Committee Chair to rearrange the order of items on the agenda for the convenience of members of the public. Further information on the procedure for public speaking can be obtained from Democratic Services, Tel: 01263 516108, Email: democraticservices@north-norfolk.gov.uk.

Anyone attending this meeting may take photographs, film or audio-record the proceedings and report on the meeting. Anyone wishing to do so must inform the Chairman. If you are a member of the public and you wish to speak on an item on the agenda, please be aware that you may be filmed or photographed.

Please note that Committee members will be given priority to speak during the debate of agenda items

Emma Denny
Democratic Services Manager

To: Cllr N Dixon, Cllr S Penfold, Cllr P Bailey, Cllr M Batey, Cllr J Boyle, Cllr C Cushing, Cllr A Fletcher, Cllr M Hankins, Cllr P Heinrich, Cllr V Holliday, Cllr N Housden and Cllr L Vickers

All other Members of the Council for information.
Members of the Management Team, appropriate Officers, Press and Public

If you have any special requirements in order to attend this meeting, please let us know in advance
If you would like any document in large print, audio, Braille, alternative format or in a different language please contact us

A G E N D A

Treasury Management Strategy Report 2025/26	
Executive Summary	This report sets out the Council's Treasury Management Strategy for the year 2025/26. It sets out details of the Council's Treasury Management activities and presents a strategy for the prudent investment of the Council's

	resources. It also sets out the Council's approach to the deployment of capital resources in meeting the Council's overall aims and objectives.
Options considered	No other options considered. It is a requirement that the Treasury Management Strategy report must be approved by full Council each year in advance of the new financial year to ensure the Council is compliant with the CIPFA Treasury Management, CIPFA Prudential Codes and guidance issued by the Ministry of Housing, Communities & Local Government (MHCLG).
Consultation(s)	Portfolio Holde Section 151 Officer This report has been prepared with the assistance of Link Treasury Services, the Council's Treasury Management advisors.
Recommendations	To recommend to Full Council that the Treasury Management Strategy 2025/26 is approved.
Reasons for recommendations	Approval by Full Council demonstrates compliance with the Prudential Codes to ensure. • A flexible investment strategy enabling the Council to respond to changing market conditions. • Ensure compliance with CIPFA and MHCLG guidance. • Confirming capital resources available for delivery of the Council's capital programme. It is a requirement that any proposed changes to the prudential indicators are approved by Full Council.
Background papers	The Council's Treasury Management Strategy 2024/25. CIPFA Prudential Code (Treasury Management in the Public Services: Code of Practice 2021 Edition). CIPFA Prudential Code (Capital Finance in Local Authorities: Code of Practice 2021 Edition).

Wards affected	All
Cabinet member(s)	Cllr. Lucy Shires
Contact Officer	James Moore

12. CAPITAL STRATEGY 2025-2026 61 - 70

Capital Strategy 2025-26	
Executive Summary	This report sets out the Council's Capital Strategy for the year 2025-26. It sets out the Council's

	approach to the deployment of capital resources in meeting the Council's overall aims and objectives while providing the strategic framework for the effective management and monitoring of the capital programme.
Options considered	This report must be prepared to ensure the Council complies with the CIPFA Treasury Management and Prudential Codes.
Consultation(s)	Section 151 Officer
Recommendations	To recommend to Full Council that the Capital Strategy 2025/26 is approved.
Reasons for recommendations	The Council is required to approve a Capital Strategy to demonstrate compliance with the Codes and establishes the strategic framework for the management of the capital programme.
Background papers	CIPFA Prudential Code (Treasury Management in the Public Services: Code of Practice 2021 Edition). CIPFA Prudential Code (Capital Finance in Local Authorities: Code of Practice 2021 Edition).

Wards affected	All
Cabinet member(s)	Cllr. Lucy Shires
Contact Officer	Daniel King Assistant Director Finance & Assets Daniel.king@north-norfolk.gov.uk

13. CABINET REPORT BUDGET 25.26 20 JANUARY 2025 71 - 112

Revenue Budget for 2025-26	
Executive Summary	This report presents the latest iteration of the budget for 2025/26. It is intended to present the position as we currently know it and it will need to be updated as more information becomes available e.g. the impact of the final

	Local Government Finance Settlement for 2025/26.
Options considered.	No other options have been considered as it is a legal requirement to calculate "the expenditure which the authority estimates it will incur in the forthcoming year in performing its functions" and then subtract "the sums which it estimates will be payable for the year into its general fund". This is required to set a balanced budget before 11 March 2025.
Consultation(s)	The Overview and Scrutiny Committee will have the opportunity to review this report at its meeting on 22 January 2025. It will be able to make recommendations that Cabinet will be able to consider at its meeting on 3 February 2025. Budget consultation is taking place on the Council's website currently for anyone to share their views. Consultation with Business Rates payers is also being undertaken. The results of both these consultations will be included in the report being presented to Full Council on 19 February 2025.
Recommendations	1. That Cabinet consider the list of proposed savings and agree on which ones should be taken so that a balanced budget can be recommended to full Council. 2. That an alternative option for balancing the budget should be agreed to replace savings not taken if there are any. 3. That Cabinet agree that any additional funding announced as part of the final Local Government Settlement announcement be transferred to reserves. 4. That Cabinet decide which proposed new capital bids should be recommended to full Council for inclusion in the Capital Programme.
Reasons for recommendations	To enable the Council to set a balanced budget.
Background papers	2024/25 Budget report presented to full Council on 21 February 2024.

Wards affected	All
Cabinet member(s)	Cllr Lucy Shires
Contact Officer	Tina Stankley Director of Resources and s151 Officer tina.stankley@north-norfolk.gov.uk

14. OVERVIEW & SCRUTINY WORK PROGRAMME AND UPDATE 113 - 114

To receive an update from the Scrutiny Officer on progress made with topics on its agreed work programme, training updates and to receive any further information which Members may have requested at a previous meeting.

15. EXCLUSION OF THE PRESS AND PUBLIC

To pass the following resolution, if necessary:

“That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph _ of Part I of Schedule 12A (as amended) to the Act.”

OVERVIEW & SCRUTINY COMMITTEE

Minutes of the meeting of the Overview & Scrutiny Committee held on Wednesday, 11 December 2024 in the Council Chamber - Council Offices at 9.30 am

Committee Members Present:	Cllr N Dixon (Chairman)	Cllr S Penfold (Vice-Chairman)
	Cllr P Bailey	Cllr M Batey
	Cllr J Boyle	Cllr C Cushing
	Cllr A Fletcher	Cllr M Hankins
	Cllr V Holliday	Cllr L Vickers
Members also attending:		Cllr L Shires Cllr A Brown Cllr A Fitch-Tillett
Officers in Attendance:	Tina Stankley – Director of Resources and Section 151 Officer Cara Jordan – AD Legal and Governance and Monitoring Officer Emma Childs – PA to the Corporate Leadership Team	
Also in attendance:	Members of the Public	

224 APOLOGIES

Apologies were received from Cllr Heinrich and Cllr Housden

225 SUBSTITUTES

None in attendance.

226 PUBLIC QUESTIONS & STATEMENTS

Mr Foster, Chair of the Stalham Town Local Plan committee and the Stalham Town Team, was invited to speak by the Chair.

Mr Foster addressed the Committee and stated that Stalham has created its own local plan as when the District plan was created Stalham was not happy with the way they were represented.

Stalham is keen to represent itself as it is felt that Stalham is at the bottom of the list for the District Council, with the highest level of social and economic deprivation in North Norfolk.

During the previous budget proceed Stalham were told that they could not expect high levels of investment as the District Council does not own many assets in Stalham. Therefore, why are the toilets being proposed for closure given they are one of the few assets NNDC holds in Stalham.

The District Council asked Stalham to take part in the national high street task force set up by the Government. Residents have attended meetings and workshops and set up a town team to look at the high street. Three Government advisors have been shown the high street and they have been impressed by the changes and adaptations that the high street has made to meet changing needs.

The high street no longer only serves a retail function it now has a service and social function - Optician, Vet, every service is available.

Stalham has also started to introduce activities in the high street.
The committee want people to use Stalham high street and for this to be viable people must have access to a toilet.

Due to the ageing population in Stalham they have more need for the toilet than most. Access to a toilet is necessary to allow older residents to feel confident in coming to events on the high street.

227 MINUTES

The minutes of the meeting held on 13 November 2024 were approved as a true and accurate record and signed by the Chairman, subject to a change on Page 2 where the s had been missed off Cllr Hankins' name.

228 ITEMS OF URGENT BUSINESS

None

229 DECLARATIONS OF INTEREST

Cllr Dixon declared a nonpecuniary interest in the petition for Stalham as he currently sits as the County Councillor for Stalham.

230 PETITIONS FROM MEMBERS OF THE PUBLIC

A petition had been submitted in respect on the Stalham Town public toilet closure and approved by the Monitoring Officer. It was decided at the Overview and Scrutiny meeting on 13 December for this to be discussed.

The Monitoring Officer spoke and outlined the background for the petition.
A report went before Cabinet on 09 September which proposed full or winter closures of a number of public toilets. The Stalham toilets were one of these toilets, identified as having low usage and other facilities available in nearby businesses.

Subsequently the Council received a petition which the Monitoring officer confirmed was a valid ward petition.

The aim of the petition is to not close the public toilets in Stalham until further consultation has been undertaken and new toilets are put in place.

The Committee were advised that the potential options they could consider were:

i. Note receipt of the petition and take no further action;
ii. Agree that appropriate action has already been taken, or is planned, and no further action is necessary;
iii. Request a report from the relevant officer;
iv. Require to be undertaken a detailed scrutiny review, gathering evidence, prior to making recommendations to the relevant committee; Cabinet, or Full Council
v. Refer the matter to another Committee, Cabinet or to Full Council where, in the view of the Committee, appropriate action has not been taken or planned, and it is significant enough to merit this

The Monitoring Officer also advised members that whilst there are no particular resource implication in the discussion of the petition, any outcome may impact upon the Council's finances and resources and any recommendations should be commensurate and considered with regard to Council resources, including actions for officers.

It was noted that the management and maintenance of Council's public toilets stock was considered by Cabinet in light of a worsening financial detailed in the MTFS.

Cllr Taylor, lead petitioner, was invited to present the petition.
Cllr Taylor began by thanking Officer Henry for his work behind the scenes on the petition.
The petition had one objective which was to highlight the strength of feeling following the decision to progress the closure of the toilet block in Stalham.
It was felt that this decision was a massive retrograde step, which had the potential to damage the local economy and harm the wellbeing and health of residents.
The availability of local and well-maintained public toilet facilities is intrinsically linked to the health of our communities.
This decision if actioned would leave Stalham as the only town in the District, without public toilet facilities.
Over 1,500 people signed the petition, some of whom live in Stalham, many of whom live in villages which Stalham serves and some who visit Stalham every year on holiday.
Tourism is the cornerstone of the economy in North Norfolk and the need for this provision in Stalham cannot be highlighted enough.
Stalham is a key gateway for those moving from inland locations to a wide swathe of the North Norfolk Coastline.
The toilets are signposted off a principal transportation route the A149.
Stalham also has the biggest boatyard in the Norfolk Broads.
The damage that this closure could cause in terms of both financial and perceptive terms cannot be underestimated.
NNDC are due to meet with Stalham Town Council to discuss potential arrangements and therefore we would like to push the Committee to look to recommendation 3 to allow further discussions to take place.

Cllr Shires, Portfolio holder, thanked the committee for hearing the petition.
Cllr Shires commended Cllr Taylor and Cllr Bayes because without hard working councillors, communities do not get heard.
Cllr Shires explained that the Council are currently at the start of the consultation and no decisions have yet been made regarding three of the four toilets earmarked for closure.
Some positive news was announced at the last Cabinet meeting that the Norfolk Wildlife Trust will be taking on the running and management of the toilet facility at Hickling, ensuring this will remain open for the future.
It was confirmed that a meeting has been arranged with Stalham Town Council and that the Council are looking to work with communities to find solutions to this issue.
Whilst the Council has a budget need presently, we need to ensure we protect the District's assets for the future.
There is a fear in light of current devolution conversations that if toilets are not moved to be held and managed within the community, they will be put at risk of closure in the future.

Cllr Penfold thanked Cllr Taylor for bringing this Committee and asked if usage data is available for the Stalham toilets.

Cllr Taylor replied that that data provided by the District Council does show that the usage for these toilets is lower than in other market towns. However, when Councillors have been out in the town the flow of people into the toilet was much higher than the data that had been provided. One of the asks is for the data to be properly drawn out to ensure decisions are made on the best available information.

Cllr Shires explained that counters were placed on the door, utilities bills have been analysed and show low water and consumables usage at these facilities and mobile phone data is used for location positioning.

Cllr Penfold asked Cllr Shires to confirm that the toilets will remain open until a solution is found.

Cllr Shires guaranteed that the toilets will remain open for the foreseeable future. Any decision will have to go through Cabinet and all discussions will be kept in the public domain.

Cllr Cushing agreed with Cllr Penfold on the need for accurate data around the usage of the data.
Cllr Cushing expressed his concerns that public toilet facilities are key to the survival of Market Towns and that Stalham is not being involved in discussions regarding this key facility.
Cllr Cushing proposed option 3 be taken forward by the committee and asked where the Stalham High Street Task Force fit into these proposals.

Cllr Taylor explained that the High Street Task Force brings community groups together. There is strong feeling from Community Groups that they do not want to see toilets closed. There is intense concern that these may be mothballed while discussions are ongoing. At a recent Conference it was stated that good public toilets are required in order for market towns to thrive.

The Monitoring Officer made some enquiries as to the position of the Stalham High Street Task Force. Officer Young has explained that there are no regeneration schemes currently in place for Stalham. The Stalham High Street Task Force was a government funded project that gave recommendations for stakeholders and businesses in the town on ways they could work together for the benefit of the High Street.

Cllr Taylor explained that the High Street Task Force is in its infancy and will provide the starting point for a regeneration scheme. There is also £20,000 in the budget for public toilets in Stalham.

Officer Stankley updated the Committee that the deadline has already passed for the Changing Places Facilities Grant and there was no agreed plan for Stalham.

Cllr Taylor felt that it was unacceptable that Cllr Bayes and himself had not been involved in the discussions and were not aware that the scheme had been deemed unachievable in Stalham.

Cllr Holliday said that she was most upset to hear that Stalham would not be getting a Changing Places Facility given the large elderly population. It is these decisions that disenfranchise people within that District.

Cllr Shires explained that it was not possible to progress the scheme with the provider who had the space for this facility.

Officer Stankley confirmed what Cllr Shires said and stated that NNDC weren't able to progress the scheme at Stalham, at the proposed site. The grant was only available until March 2024 and there was no scheme available to go forward with in this time.

Cllr Holliday asked if discussions were held with the Town Council and Local Councillors.

Cllr Shires took away the action to speak to Officers and find out why Local Members were not kept informed about the fact the proposal could not be moved forward.

Cllr Taylor was deeply upset and stated that had the Local Councillors been kept informed that could have offered an alternative site for this important provision.

Cllr Dixon sought clarification about the Richardsons' announcement about an investment programme to build new facilities to encourage day visitors and whether discussions had been had with Richardsons about whether the District Council could partner with them in this endeavour to achieve enhanced public toilet facilities.

Officer Stankley responded that discussions were had with the museum, but the site offered was not suitable due to the prohibitive cost and the District Council couldn't find a suitable site that was affordable to progress with.

Cllr Vickers asked what Cllr Taylor hoped to get from the report if option 3 was proposed by the Committee.

Cllr Taylor replied that the main outcome for the report would be to assess the damage that would be caused by the closure of the toilets on local residents, business, events and street fayres.

Cllr Vickers seconded Cllr Cushing's proposal that the committee vote for option 3.

Cllr Taylor explained that the report would help with conversations with local groups and organisations, as these need to be held from a position of information.

Cllr Penfold – to have as much information as possible will ensure informed decisions. Growth, community impact, etc. discussions on best information available.

Committee Discussion
The Monitoring Officer explained that if the Committee were minded to recommend option 3 further specifics would be required as to what would be expected within the report.

Cllr Dixon stated there were a number of points which had been raised that may require further exploration including:

- The number of assets the District Council own in Stalham.
- Levels of Socio-economic deprivation in Stalham.
- High street task force project
- Stalham would be the only town in the district which would not have public toilets – justification about why that is the case if the decision is taken.
- Work to be done regarding further opportunities.

- Facilities remaining in use while the decision is being made
- Call for further usage information
- Factual report and evidence that supports a case one way or another.
- Impact of growth in Stalham.

Cllr Penfold concurred that the list provided a very good starting point and stressed that above all the report must be factual. The question that needs to be answered is does Stalham need public toilets. Cllr Shires and Cllr Taylor need to agree what the report should contain. Town council discussions should also factor into the report.

Cllr Taylor agreed to work together with Cllr Shires to formulate the report. The report doesn't need to stop conversations but should feed into the discussions.

Cllr Dixon recommended that the author of report should include opportunities for Cllr Shires and Cllr Taylor to inform the body of the report.

Cllr Cushing asked that the report contain information about the costs of running the service, other options for service provision and the impact of not having the toilets on the wider community.

Cllr Shires responded that this needs to be part of a bigger conversation and that the Council need to ensure that we bring the community along with us.

Cllr Penfold agreed that the Committee does not want the report to get in the way of any potential solution that is found in the meantime.

Overview and Scrutiny request an officer report be prepared by Director of Resources to provide information on Stalham public toilets, covering:

- **Details as to how levels of usage has been captured**
- **Costs of maintaining this asset and cost comparisons**
- **Impact of not having these facilities from an assets and social economic perspective**
- **Any alternative opportunities including partnership funding**
- **Understanding how this aligns with the High Street Task Force**
- **Reasons for closure, and why appropriate, being the only town in the district that would be without public toilets.**
- **Consultation with Cllrs Shires Taylor and Bayes**
- **Conversations with STC to continue in the meantime**

The Chair moved to a vote on recommendation 3.

In favour - 10
Against - 0
Abstain – 0

The recommendation was agreed.

231 CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE BY A MEMBER

None

232 RESPONSES OF THE COUNCIL OR THE CABINET TO THE COMMITTEE'S REPORTS OR RECOMMENDATIONS

The recommendations from the last meeting were accepted in full by Cabinet.

233 FEES & CHARGES 2025/2026

Officer Stankley explained that the report provides details of how the Council sets the fees and charges. There has also been a request for a further fee to be included within the report. Legal advice to third party public service organisations which will be at the solicitor’s hourly rate.

Cllr Dixon confirmed that the Committee had considered car park charges and chalets and beach huts fees as separate topics.

Cllr Holliday expressed her pleasure at seeing the benchmarking undertaken by the Environmental Health Team. She asked if there were any other areas that would benefit from benchmarking or were due to have benchmarking carried out in 2025.

Cllr Shires answered that Officers always use some element of bench marking when looking to set the fees for the following year as the Council needs to ensure our fees and charges are competitive. Cllr Shires will ask that evidence is included as part of report moving forward.

Cllr Cushing enquired about the new fees for pre-planning advice and whether any calculations have been made as to the additional income this will bring in and any adverse impact this might have.

Cllr Brown responded that NNDC do charge for pre application planning advice, but it is at the discretion of the Council to set the fees. Can relax charges on a case-by-case basis.

Cllr Hankins asked why the waste collection fees have not yet been published.

Cllr Shires explained that the PFH was not in attendance and therefore a written response will follow the committee.

Officer Stankley responded that due to the complex nature of the contract and discussions are ongoing. It is hoped to have the full details ready for Full Council in March.

Overview and Scrutiny approved the recommendations within the report.

234 OVERVIEW & SCRUTINY WORK PROGRAMME AND UPDATE

The Monitoring Officer provided an update on the ongoing problems within Democratic services. The recruitment for the democratic officer has not yet been successful. This will be going back out to advert next week.
Steps are being put in place to assist democratic services.

235 EXCLUSION OF THE PRESS AND PUBLIC

None

The meeting ended at 11.10 am.

Chairman

Registering interests

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Table 1** (**Disclosable Pecuniary Interests**) which are as described in “The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012”. You should also register details of your other personal interests which fall within the categories set out in **Table 2** (**Other Registerable Interests**).

“**Disclosable Pecuniary Interest”** means an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in Table 1 below.

"Partner" means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

1. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.

2. A ‘sensitive interest’ is as an interest which, if disclosed, could lead to the councillor, or a person connected with the councillor, being subject to violence or intimidation.

3. Where you have a ‘sensitive interest’ you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

Non participation in case of disclosable pecuniary interest

4. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in **Table 1**, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a ‘sensitive interest’, you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.

5. Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it

Disclosure of Other Registerable Interests

6. Where a matter arises at a meeting which ***directly relates*** to one of your Other Registerable Interests (as set out in **Table 2**), you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a ‘sensitive interest’, you do not have to disclose the nature of the interest.

Disclosure of Non-Registerable Interests

7. Where a matter arises at a meeting which ***directly relates*** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in Table 1) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

8. Where a matter arises at a meeting which ***affects*** –
   a. your own financial interest or well-being;
   b. a financial interest or well-being of a relative, close associate; or
   c. a body included in those you need to disclose under Other Registrable Interests as set out in **Table 2**

   you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied

9. Where a matter ***affects*** your financial interest or well-being:
   a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
   b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

   You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

   If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

10. Where you have a personal interest in any business of your authority and you have made an executive decision in relation to that business, you must make sure that any written statement of that decision records the existence and nature of your interest.

Table 1: Disclosable Pecuniary Interests

This table sets out the explanation of Disclosable Pecuniary Interests as set out in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012.

Subject	**Description**
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the

	councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council — (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land and Property	Any beneficial interest in land which is within the area of the council. ‘Land’ excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners (alone or jointly with another) a right to occupy or to receive income.
Licenses	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer
Corporate tenancies	Any tenancy where (to the councillor’s knowledge)— (a) the landlord is the council; and (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
Securities	Any beneficial interest in securities* of a body where— (a) that body (to the councillor’s knowledge) has a place of business or land in the area of the council; and (b) either— (i)) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/ her spouse or civil partner or the person with whom the councillor is living as if they were

	spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

* ‘director’ includes a member of the committee of management of an industrial and provident society.

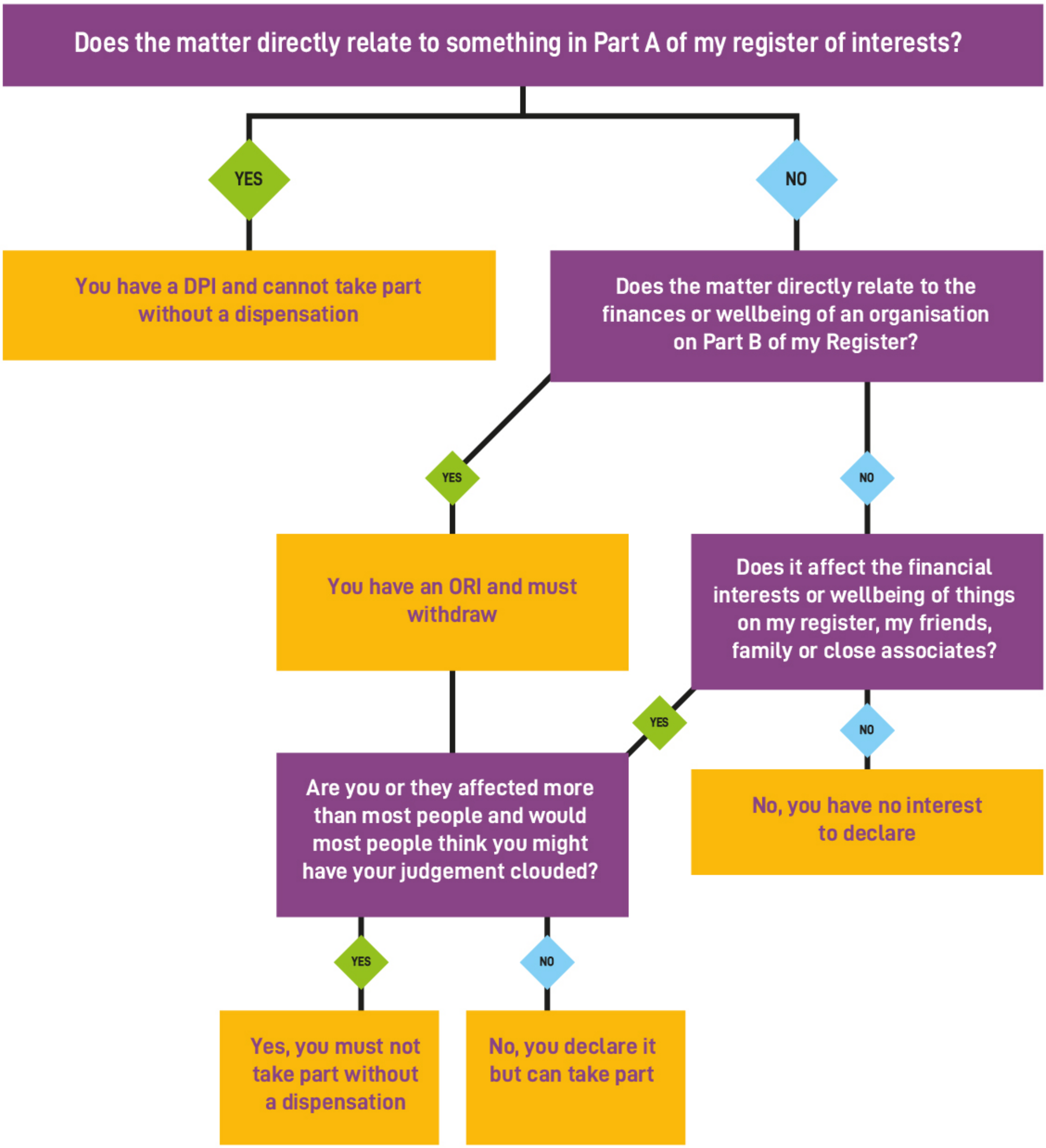
* ‘securities’ means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registrable Interests

You have a personal interest in any business of your authority where it relates to or is likely to affect:

a) any body of which you are in general control or management and to which you are nominated or appointed by your authority

b) any body
   (i) exercising functions of a public nature
   (ii) any body directed to charitable purposes or
   (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)



Local Government Association

Guidance on LGA Model Councillor Code of Conduct

Treasury Management Strategy Report 2025/26	
Executive Summary	This report sets out the Council's Treasury Management Strategy for the year 2025/26. It sets out details of the Council's Treasury Management activities and presents a strategy for the prudent investment of the Council's resources. It also sets out the Council's approach to the deployment of capital resources in meeting the Council's overall aims and objectives.
Options considered	No other options considered. It is a requirement that the Treasury Management Strategy report must be approved by full Council each year in advance of the new financial year to ensure the Council is compliant with the CIPFA Treasury Management, CIPFA Prudential Codes and guidance issued by the Ministry of Housing, Communities & Local Government (MHCLG).
Consultation(s)	Portfolio Holde Section 151 Officer This report has been prepared with the assistance of Link Treasury Services, the Council's Treasury Management advisors.
Recommendations	To recommend to Full Council that the Treasury Management Strategy 2025/26 is approved.
Reasons for recommendations	Approval by Full Council demonstrates compliance with the Prudential Codes to ensure. • A flexible investment strategy enabling the Council to respond to changing market conditions. • Ensure compliance with CIPFA and MHCLG guidance. • Confirming capital resources available for delivery of the Council's capital programme. It is a requirement that any proposed changes to the prudential indicators are approved by Full Council.
Background papers	The Council's Treasury Management Strategy 2024/25. CIPFA Prudential Code (Treasury Management in the Public Services: Code of Practice 2021 Edition). CIPFA Prudential Code (Capital Finance in Local Authorities: Code of Practice 2021 Edition).

Wards affected	All
Cabinet member(s)	Cllr. Lucy Shires
Contact Officer	James Moore

Links to key documents:	
Corporate Plan:	This report is required to ensure that the Council can demonstrate it is in a sound financial position and able to deliver the projects in the Capital Programme which support the Corporate Plan Objectives.
Medium Term Financial Strategy (MTFS)	This report supports the MTFS in confirming adequate financing is in place for the Council to operate its regular functions alongside delivering the Council's Capital Programme.
Council Policies & Strategies	N/A

Corporate Governance:	
Is this a key decision	No
Has the public interest test been applied	Not an exempt item.
Details of any previous decision(s) on this matter	N/A

1. Purpose of the report

1.1 It is a requirement that Treasury Management activities and risk management be conducted within the framework of the Chartered Institute of Public Finance (CIPFA) Code (Treasury Management in the Public Services: Code of Practice 2021 Edition).

1.2 Under the provisions of the Local Government Act 2003, Local Authorities are required to comply with the guidance of the Prudential Code with regard to capital decisions.

1.3 It is a requirement that any proposed changes to the 2025/26 prudential indicators are approved by Full Council.

2. Introduction & Background

2.1 Treasury management is the operation of the Council's cash flows, borrowing and investments alongside the associated risks. The Council has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

2.2 The strategy (See Appendix) also sets out the Council's approach and deployment of capital resources in meeting the Council's overall aims and objectives.

3. Proposals and Options

3.1 Appendix A shows the Council's full Treasury Management Strategy for the 2025/26 financial year.

4. Corporate Priorities

4.1 Ensuring there is adequate funding in place is essential to delivering the Council's Capital Programme which supports the Corporate Plan and MTFS.

5. Financial and Resource Implications

5.1 This report is financial in nature and financial implications are included within the content of the report.

Comments from the S151 Officer:

This report is financial in nature and financial implications are included within the content of the report.

6. Legal Implications

6.1 None as a direct consequence of this report.

Comments from the Monitoring Officer

Whilst there are no specific legal or governance comments. It is noted that this is a necessary financial report to comply with the CIPFA Treasury Management Code of Practice.

7. Risks

7.1 Any financial risks or implications are included within the content of the report.

8. Net Zero Target

8.1 None as a direct consequence of this report.

9. Equality, Diversity & Inclusion

9.1 None as a direct consequence of this report.

10. Community Safety issues

10.1 None as a direct consequence of this report.

11. Conclusion and Recommendations

11.1 It is recommended that Full Council approves the Treasury Management Strategy 2025/26 to ensure the Council is compliant with the Prudential Codes.

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North Norfolk District Council

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement
Capital and Annual Investment Strategy

2025/26

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Key Considerations

2021 revised CIPFA Treasury Management Code and Prudential Code – changes which will impact on future TMSS/AIS reports and the risk management framework

CIPFA published the revised Codes on 20th December 2021 and stated that revisions need to be included in the reporting framework from the 2023/24 financial year. This Council, therefore, has to have regard to these Codes of Practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports during the financial year, which are taken to Full Council for approval.

The revised Treasury Management Code required all investments and investment income to be attributed to one of the following three purposes: -

Treasury management
Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery
Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return
Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a Council's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. A Council must not borrow to invest primarily for financial return.

The revised Treasury Management Code requires a Council to implement the following:

1. **Adopt a liability benchmark treasury indicator** to support the financing risk management of the capital financing requirement; this is to be shown in chart form for a minimum of 10 years, with material differences between the liability benchmark and actual loans to be explained.

2. **Long-term treasury investments**, (including pooled funds), are to be classed as commercial investments unless justified by a cash flow business case.

3. **Pooled funds** are to be included in the indicator for principal sums maturing in years beyond the initial budget year.

4. Amendment to the **knowledge and skills register** for officers and members involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each Council.

5. **Reporting to members is to be done quarterly.** Specifically, the Chief Finance Officer (CFO) is required to establish procedures to monitor and report

performance against all forward-looking prudential indicators at least quarterly. The CFO is expected to establish a measurement and reporting process that highlights significant actual or forecast deviations from the approved indicators. However, monitoring of prudential indicators, including forecast debt and investments, is not required to be taken to Full Council and should be reported as part of the Council's integrated revenue, capital and balance sheet monitoring.

6. **Environmental, social and governance (ESG)** issues to be addressed within a Council's treasury management policies and practices (TMP1).

The main requirements of the Prudential Code relating to service and commercial investments are: -

1. The risks associated with service and commercial investments should be proportionate to their financial capacity – i.e. that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services.
2. A Council must not borrow to invest for the primary purpose of commercial return.
3. It is not prudent for local authorities to make any investment or spending decision that will increase the CFR, and so may lead to new borrowing, unless directly and primarily related to the functions of the Council, and where any commercial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose.
4. An annual review should be conducted to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt.
5. A prudential indicator is required for the net income from commercial and service investments as a proportion of the net revenue stream.
6. Create new Investment Management Practices to manage risks associated with non-treasury investments, (similar to the current Treasury Management Practices).

A Council's Capital Strategy or Annual Investment Strategy should include: -

1. The Council's approach to investments for service or commercial purposes (together referred to as non-treasury investments), including defining the Council's objectives, risk appetite and risk management in respect of these investments, and processes ensuring effective due diligence.

2. An assessment of affordability, prudence and proportionality in respect of the Council's overall financial capacity (i.e., whether plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services).

3. Details of financial and other risks of undertaking investments for service or commercial purposes and how these are managed.

4. Limits on total investments for service purposes and for commercial purposes respectively (consistent with any limits required by other statutory guidance on investments).

5. Requirements for independent and expert advice and scrutiny arrangements (while business cases may provide some of this material, the information

contained in them will need to be periodically re-evaluated to inform the Council's overall strategy).

6. State compliance with paragraph 51 of the Prudential Code in relation to investments for commercial purposes, in particular the requirement that a Council must not borrow to invest primarily for financial return.

1.1 Background

The Council is required to operate a balanced revenue budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

The contribution the treasury management function makes to the Council is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

> *"The management of the local Council's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

1.2 Reporting Requirements

1.2.1 Capital Strategy

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report 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

The aim of the strategy is to ensure that all the Council's elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

1.2.2 Treasury Management Reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers: -
   - the capital plans, (including prudential indicators)
   - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time)
   - the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
   - an Annual Investment Strategy, (the parameters on how investments are to be managed)

b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition, this Council will receive quarterly update reports.

c. **An annual treasury outturn report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny
The above reports are required to be adequately scrutinised before being recommended to the Full Council. This role is undertaken by the Overview & Scrutiny Committee.

Quarterly reports – In addition to the three major reports detailed above, from 2023/24 quarterly reporting is also required (this Council reports the position at the end of July and at the end of January). However, these additional reports do not have to be report to Full Council but must be adequately scrutinised. This role is to be undertaken by the Overview & Scrutiny Committee. (The reports, specifically, should comprise updated Treasury/Prudential Indicators).

1.3 Treasury Management Strategy for 2025/26

The strategy for 2025/26 covers two main areas:

Capital issues
- the capital expenditure plans and the associated prudential indicators
- the minimum revenue provision (MRP) policy

Treasury management issues
- the current treasury position
- treasury indicators which limit the treasury risk and activities of the Council
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need

- debt rescheduling
- the investment strategy
- creditworthiness policy; and
- the policy on use of external service providers

These elements cover the requirements of the Local Government Act 2003, DLUHC (now MHCLG) Investment Guidance, DLUHC (now MHCLG) MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.4 Training

The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

Furthermore, pages 47 and 48 of the Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

The scale and nature of this will depend on the size and complexity of the organisation’s treasury management needs. Organisations should consider how to assess whether treasury management staff and board/ council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and board/council members.
- Require treasury management officers and board/council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
- Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.

In further support of the revised training requirements, CIPFA’s Better Governance Forum and Treasury Management Network have produced a ‘self-assessment by members responsible for the scrutiny of treasury management’, which is available from the CIPFA website to download.

The training needs of treasury management officers are periodically reviewed.

A formal record of the training received by officers central to the Treasury function will be maintained by the Technical Accountant.

1.5 Treasury Management Consultants

The Council uses Link Group, Link Treasury Services Limited as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

2. THE CAPITAL PRUDENTIAL INDICATORS 2025/26 – 2027/28

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans are prudent, affordable and sustainable.

2.1 Capital Expenditure and Financing

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital expenditure £m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Approved Capital Programme	13.766	37.723	16.721	8.518	1.700
Capital Bids to be Reviewed	-	-	2.151	0.343	-
Total	**13.766**	**37.723**	**18.872**	**8.861**	**1.700**

Other long-term liabilities - the above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.

The tables below summarise the above capital expenditure plans from approved and to be considered capital projects, how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Table a. Current 2024/25 Capital Programme financing:

Financing of capital expenditure £m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Total Capital Expenditure (approved)	**13.766**	**37.723**	**16.721**	**8.518**	**1.700**
Capital receipts	0.470	3.395	0.712	0.610	0.300
Capital grants	7.846	25.746	14.373	7.148	1.000
Capital contributions	1.035	2.127	0.719	0.300	-
Reserves	1.455	2.427	-	-	-
Revenue Contribution to Capital Outlay	0.100	0.000	-	-	-
Net financing need for the year (Borrowing)	**2.860**	**4.028**	**0.917**	**0.460**	**0.400**

Table b. 2025/26 Capital Bids to be reviewed:

Financing of capital expenditure £m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Total Capital Expenditure (new bids)	**-**	**-**	**2.151**	**0.343**	**-**
Capital receipts	-	-	0.090	-	-
Capital grants	-	-	0.000	-	-
Capital contributions	-	-	0.080	-	-
Reserves	-	-	0.300	-	-
Revenue Contribution to Capital Outlay	-	-	-	-	-
Net financing need for the year (Borrowing)	**-**	**-**	**1.681**	**0.343**	**-**

Table c. Project 2025/26 Capital Programme assuming all new bids approved:

Financing of capital expenditure £m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Total Capital Expenditure (all)	**13.766**	**37.723**	**18.872**	**8.861**	**1.700**
Capital receipts	0.470	3.395	0.802	0.610	0.300
Capital grants	7.846	25.746	14.373	7.148	1.000
Capital contributions	1.035	2.127	0.799	0.300	0.000
Reserves	1.455	2.427	0.300	0.000	0.000
Revenue Contribution to Capital Outlay	0.100	0.000	0.000	0.000	0.000
Net financing need for the year (Borrowing)	**2.860**	**4.028**	**2.598**	**0.803**	**0.400**

2.2 The Council's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g., PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility by the PFI, PPP lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £0m of such schemes within the CFR.

The Council is asked to approve the CFR projections below, these are based on all capital projects being completed in the years they are approved. However, it is noted the actual capital financing at outturn may be different to allow for projects which have not been completed in year the funding was approved for (capital roll-forwards):

Table a. CFR projections based on current Capital Programme:

£m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Capital Financing Requirement					
Total CFR	**17.474**	**20.995**	**21.385**	**21.282**	**21.101**
Movement in CFR	**2.386**	**3.521**	**0.390**	**(0.103)**	**(0.181)**

Movement in CFR represented by					
Net financing need for the year (above)	2.860	4.028	0.917	0.460	0.400
Less MRP	(0.474)	(0.507)	(0.527)	(0.563)	(0.581)
Movement in CFR	**2.386**	**3.521**	**0.390**	**(0.103)**	**(0.181)**

Table b. CFR projections if all new capital bids approved:

£m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Capital Financing Requirement					
Total CFR	**17.474**	**20.995**	**23.066**	**23.293**	**23.099**
Movement in CFR	**2.386**	**3.521**	**2.071**	**0.227**	**(0.194)**

Movement in CFR represented by					
Net financing need for the year (above)	2.860	4.028	2.598	0.803	0.400
Less MRP	(0.474)	(0.507)	(0.527)	(0.576)	(0.594)
Movement in CFR	**2.386**	**3.521**	**2.071**	**0.227**	**(0.194)**

The Council's current planned external borrowing for treasury management purposes as a result of the current CFR and future projections is shown below. This does not include temporary short-term borrowing which may fluctuate depending on the delivery timelines off each capital project, short-term borrowing indicates a deficit in the amount internally borrowed by the Council to deliver capital schemes. Where short-term borrowing is constant for more than one year, this indicates an increased need for long-term borrowing.

The Council's cash flow may be able to incorporate any small increases in internal borrowing year on year, but any large increases in CFR indicate a potential need to increase the Council's long-term external borrowing.

Currently the Council has been able to operate with only £5m actual long-term external borrowing with only temporary extra short-term borrowing required for short durations over the financial year (peaks and troughs in the Council's cashflow). On this basis it is assumed that the Council's cashflow can cover £16m (£15.710m) of internal borrowing within its current resources. It is then assumed that this will inflate by 2% each year (CPI).

Table a. Forecasted Long-Term borrowing based on current Capital Programme:

Planned Long-Term External borrowing & Estimate £m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Forecasted CFR (above)	17.474	20.995	21.385	21.282	21.101
Actual Long-Term External Borrowing	**5.000**	**5.000**	**5.000**	**0.000**	**0.000**
Actual Internal Borrowing	12.474	15.995			
Assumed Additional Internal Borrowing capacity increase (*2% year on year*)			0.320	0.326	0.333
Forecast Internal Borrowing capacity (Actual internal borrowing + assumed 2% capacity)			16.315	16.641	16.974
Potential External Borrowing Requirement (*Forecasted CFR – actual borrowing – forecasted internal borrowing capacity*).	0.000	0.000	-0.250	4.315	3.794

The above table shows that with the Council's current approved capital programme, the treasury will likely be required to renew the current £5m external borrowing for 2025/26 (forecast borrowing requirement 4.750m) and 2026/27 (forecast borrowing requirement 4.315m) but could then reduce this to £4m in 2027/28. This also shows that the Council is actively paying off its long-term debt.

Table b. Forecasted Long-Term borrowing if all new capital bids approved:

Planned Long-Term External borrowing & Estimate £m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Forecasted CFR (above)	17.474	20.995	23.066	23.293	23.099
Actual Long-Term External Borrowing	**5.000**	**5.000**	**5.000**	**0.000**	**0.000**
Actual Internal Borrowing	12.474	15.995			
Assumed Internal Borrowing capacity increase (*2% year on year*)			0.320	0.326	0.333
Forecast Internal Borrowing capacity (Actual internal borrowing + assumed 2% capacity)			16.315	16.641	16.974
Potential External Borrowing Requirement (*Forecasted CFR – actual borrowing – forecasted internal borrowing capacity*).	0.000	0.000	1.431	6.326	5.792

The above table shows that approval of all of the 2025/26 capital bids could increase the Council's total external borrowing to a total of £7m in 2025/26 (forecast borrowing requirement £6.431m) from £5m in 2024/25. The external borrowing requirement is then forested to stay at £7m (£6.326m) in 2026/27 and the lower to £6m (£5.792m) in 2027/28.

This table still shows the Council is actively paying off its long-term debt, however the interest costs on this level of external borrowing under the current borrowing rates will have a significant impact on the revenue budgets.

2.3 Liability Benchmark

The Council is required to estimate and measure the Liability Benchmark (LB) for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

1. **Existing loan debt outstanding**: the Council's existing loans that are still outstanding in future years.
2. **Loans CFR**: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement**: this will show the Council's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance. Any years where actual loans are less than the benchmark indicate a future borrowing requirement; any years where actual loans outstanding exceed the benchmark represent an overborrowed position, which will result in excess cash requiring investment (unless any currently unknown future borrowing plans increase the benchmark loan debt requirement).

2.4 Core Funds and Expected Investment Balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources £m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Reserves	17.542	13.488	13.185	13.190	13.224
Capital receipts	2.811	0.685	0.843	0.283	0.033
Total core funds	**20.353**	**14.173**	**14.028**	**13.473**	**13.257**
Working capital (housing loans remaining balance)	2.145	1.859	1.573	1.286	0.999
Expected Total Investments	**22.498**	**16.032**	**15.601**	**14.759**	**14.256**

2.5 Minimum Revenue Provision (MRP) Policy Statement

Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Council has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP). The 2003 Regulations have been further amended with full effect from April 2025 to expressly provide that in determining a prudent provision local authorities cannot exclude any amount of CFR from its calculation, unless by an exception set out in statute.

The Council is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The MRP Guidance (2024) provides four ready-made options for calculating MRP. Councils can use a mix of these options if it considers it appropriate to do so.

The Government considers that the methods of making prudent provision include the options set out in the statutory guidance. However, this does not rule out or otherwise preclude a Council from using an alternative method should it decide that is more appropriate. Any method used is subject to the conditions in paragraphs 61 to 65 of the guidance as far as these are relevant.

The Council is recommended to approve the following MRP Statement:

For expenditure incurred before 1 April 2008 which forms part of supported capital expenditure, the MRP policy will be:

Example approach:

- 4% reducing balance (CFR method) – MRP will be calculated as 4% of the opening GF CFR balance; or

From 1 April 2008 for all unsupported borrowing the MRP policy will be (amend as appropriate):

- Asset life method (annuity)

Regulation 27(3) allows a local Council to charge MRP in the financial year following the one in which capital expenditure finance by debt was incurred (MRP is charged the year after capital project completion, assets under construction do not incur a MRP charge).

Therefore, capital expenditure financed by borrowing in 2024/25 will not be subject to an MRP charge until 2025/26, or in the financial year following the one which the asset first becomes available for use.

The Council will apply the asset life method for any expenditure capitalised under a Capitalisation Direction. This is to insure the best and fairest value to the taxpayer.

Leases/PFI

The adoption of International Financial Reporting Standard 16 has introduced a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is low value. When such lease contracts and the related assets and liabilities are brought onto the balance sheet, a local Council will increase its long-term liabilities and as a result this will increase the debt liability.

Generally accepted accounting practice requires these changes to be accounted for retrospectively, with the result that an element of the rental or service charge payable in previous years (and previously charged to revenue accounts) will be taken to the balance sheet to reduce the liability. On its own, this change in the accounting arrangements would result in a one-off increase to the CFR and an equal increase in revenue account balances.

This is not seen as a prudent course of action and the guidance aims to ensure local authorities are in the same position as if the change had not occurred. It does this by recommending the inclusion in the annual MRP charge of an amount equal to the amount that has been taken to the balance sheet to reduce the liability, including the retrospective element in the first year.

It will be open to local authorities to consider a different approach to the calculation, subject to compliance with the overriding statutory requirement to make a prudent level of MRP.

Regarding MRP in respect of assets acquired either under leases where a right-of-use asset is on the balance sheet or where on-balance sheet PFI contracts are in place, the prudent charge to revenue can be measured as being equal to the element of the rent/charge that goes to write down the balance sheet liability.

Where a lease (or part of a lease) or PFI contract is brought onto the balance sheet, having previously been accounted for off-balance sheet, the MRP requirement is regarded as having been met by the inclusion in the charge for the year in which the restatement occurs, of an amount equal to the write-down for that year plus retrospective writing down of the balance sheet liability that arises from the restatement.

Investment property

The duty to make MRP extends to investment properties where the acquisition results in an increase to the CFR. As depreciation is not charged on investment properties, the Depreciation method is not a suitable approach for calculating the MRP to be charged in respect of investment properties.

A local Council cannot exclude any proportion of its debt liability from the determination of a prudent MRP charge on the basis that the debt is associated with an investment asset that the Council believes will retain or increase capital value.

Therefore, the Council will calculate the MRP charges for any investment property funding by borrowing on the same basis as its capital expenditure.

Capital loans

Regulation 27(4) allows a local Council to exclude capital loans that are financed by debt from the requirement to make MRP, provided the loan is not a commercial loan. A commercial loan is defined in regulation 27(5) as a loan from the Council to another entity for a purpose which, if the Council were to undertake itself, would be primarily for financial return; or, where the loan is itself, capital expenditure undertaken primarily for financial return. Local authorities must make MRP with respect to any debt used to finance a commercial capital loan.

A local Council may choose not to charge MRP in respect of the financing by debt of a loan issued by a Council to any person or body, where —
(a) the loan is treated as capital expenditure in accordance with regulation 25(1)(b),
(b) the loan is not a commercial loan, and
(c) the local Council has not recognised, in accordance with proper practices(c), any expected or actual credit loss in respect of that loan.

The Council has issued capital loans that are categorised as non-commercial and has chosen to not apply MRP on the basis that these loans are financed from the use of available capital receipts from previous asset sale (regeneration of housing assets to meet the Council's Corporate Plan objections) instead of issues any loans financed by borrowing. The Council currently does not issue loans for commercial purposes.

Capital receipts

For capital expenditure on loans to third parties where the principal element of the loan has been repaid in annual instalments, the capital receipts arising from the principal loan repayments will be used to reduce the CFR instead of MRP.

Share Capital

Where a Council incurs expenditure that is capitalised on or after April 2008, which is financed by borrowing for the acquisition of share capital, Regulation 25(1)(d) Acquisition of share capital sets out the maximum period for a Council to provide MRP of 20 years. The Council has not currently acquired any share capital.

MRP Overpayments

Under the MRP guidance, charges made in excess of the statutory MRP can be made and are known as voluntary revenue provision (VRP).

VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

Cumulative VRP overpayments made to 31.03.24 are £0m.

3. BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's Capital Strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the Annual Investment Strategy.

3.1 Current Portfolio Position

The overall treasury management portfolio as at 31.3.24 and for the position as at 30.11.24 are shown below for both borrowing and investments.

TREASURY PORTFOLIO				
	actual **31.3.24**	Actual **31.3.24**	current **30.11.24**	current **30.11.24**
Treasury investments	£000	% of portfolio	£000	% of portfolio
Money Market Funds	2,010	9%	2,900	13%
Total managed in house	**2,010**	**9%**	**2,900**	**13%**
Bond Funds	5.000	23%	5,000	22%
Equity Funds	4.000	18%	4,000	17%
Property Funds	5,000	23%	5,000	22%
Multi-Asset Funds	6,000	27%	6,000	26%
Total managed externally	**20,000**	**91%**	**20,000**	**87%**
Total treasury investments	**22,010**	**100%**	**22,900**	**100%**
Treasury external borrowing				
Long-Term PWLB	5,000	75%	5,000	100%
Short-Term Local Authorities	1,700	25%	0,000	0%
Total external borrowing	**6,700**	**100%**	**5,000**	**100%**
Net treasury investments / (borrowing)	**15,310**		**17,900**	

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing. This uses the predicted CFR and gross debt figures from the tables shown in section 2.2 above.

Table a. Forecasted under/(over) borrowing projects based on existing Capital Programme:

£m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
External Debt					
Debt as of 1 April	9.000	5.000	5.000	0.000	0.000
Known changes in Debt	(2.300)	0.000	(5.000)	0.000	0.000
Other long-term liabilities (OLTL)	0.000	0.000	0.000	0.000	0.000
Expected change in OLTL	0.000	0.000	0.000	0.000	0.000
Actual gross debt on 31 March	**6.700**	**5.000**	**0.000**	**0.000**	**0.000**
The Capital Financing Requirement	17.474	20.995	21.385	21.282	21.101
Under / (over) borrowing	**10.774**	**15.710**	**21.385**	**21.282**	**21.101**

Table b. Forecasted under/(over) borrowing of Capital Programme if all new capital bids approved:

£m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
External Debt					
Debt as of 1 April	9.000	5.000	5.000	0.000	0.000
Known changes in Debt	(2.300)	0.000	(5.000)	0.000	0.000
Other long-term liabilities (OLTL)	0.000	0.000	0.000	0.000	0.000
Expected change in OLTL	0.000	0.000	0.000	0.000	0.000
Actual gross debt on 31 March	**6.700**	**5.000**	**0.000**	**0.000**	**0.000**
The Capital Financing Requirement	17.474	20.995	23.066	23.293	23.099
Under / (over) borrowing	**10.774**	**15.995**	**23.066**	**23.293**	**23.099**

The top table show that with the authorities' current capital programme, levels of external debt can be reduced overtime with the Council's current MRP provision. However, the top table also indicates that the Council will need to replace the £5m loan due to be repaid in April 2025 otherwise the amount of under borrowing increases above the levels of internal borrowing the current cashflow can support.

The bottom table shows that with the additional capital bids there will be a larger increase in CFR and under borrowing, and potentially around £8m external borrowing requirement may be needed instead of the current £5m to finance the additional capital programme projects.

Within the range of prudential indicators there are several key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that

The Council needs to ensure that its gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2025/26 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Director of Finance reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes account of current commitments, existing plans and the proposals in this budget report.

3.2 Treasury Indicators: Limits to Borrowing Activity

The Operational Boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational Boundary £m	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Debt	15.000	30.000	30.000	30.000
Other long-term liabilities	0.000	0.000	0.000	0.000
Total	**15.000**	**30.000**	**30.000**	**30.000**

For future years, it is proposed that this boundary is increased from £15m to £30m to facilitate the forecasted CFR requirements (assuming all new capital bids are approved – table b in 3.1 above). If instead it was assumed all capital bids won't be approve, it would instead be recommended that the operational boundary is increase to £20m to match the updated CFR forecasts for 2025/26 and beyond with the current capital programme (table a in 3.1 above)

The Authorised Limit for external debt. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Council. It reflects the level of external debt which, while not desired, could be afforded in the short-term, but is not sustainable in the longer-term. This is typically the Operational Boundary plus a threshold for temporary short-term debt.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all local Council plans, or those of a specific Council, although this power has not yet been exercised.
- The Council is asked to approve the following Authorised Limit, which is currently calculated as £10m above the operational boundary (£30m above). If short-term borrowing is deemed to exceed £10m then this highlights a significant cashflow concern which should be brought to members attention for review:

Authorised Limit £m	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Debt	25.000	40.000	40.000	40.000
Other long-term liabilities	0.000	0.000	0.000	0.000
Total	**25.000**	**40.000**	**40.000**	**40.000**

3.3 Prospects for Interest Rates

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 11 November 2024. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

Additional notes by Link on this forecast table: -

- Following the 30 October Budget, the outcome of the US Presidential election on 6 November, and the 25bps Bank Rate cut undertaken by the Monetary Policy Committee (MPC) on 7 November, we have significantly revised our central forecasts for the first time since May. In summary, our Bank Rate forecast is now 50bps – 75bps higher than was previously the case, whilst our PWLB forecasts have been materially lifted to not only reflect our increased concerns around the future path of inflation, but also the increased level of Government borrowing over the term of the current Parliament.

- If we reflect on the 30 October Budget, our central case is that those policy announcements will be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the CPI measure of inflation hitting 2.5% y/y by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be 2.7% y/y (Q4 2025) and 2.2% (Q4 2026) before dropping back in 2027 to 1.8% y/y.

- The anticipated major investment in the public sector, according to the Bank, is expected to lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the organization of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

- There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing, and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing & tax rises, and a tepid GDP performance.

- Link's central view is that monetary policy is sufficiently tight at present to cater for some further moderate loosening, the extent of which, however, will continue to be data dependent. We forecast the next reduction in Bank Rate to be made in February and for a pattern to evolve whereby rate cuts are made quarterly and in keeping with the release of the Bank's Quarterly Monetary Policy Reports (February, May, August, and November).

- Any movement below a 4% Bank Rate will, nonetheless, be very much dependent on inflation data in the second half of 2025. The fact that the November MPC rate cut decision saw a split vote of 8-1 confirms that there are already some concerns around inflation's stickiness, and with recent public sector wage increases beginning to funnel their way into headline average earnings data, the market will be looking very closely at those releases.

- Regarding the PWLB forecast, the short to medium part of the curve is forecast to remain elevated over the course of the next year, and the degree to which rates moderate will be tied to the arguments for further Bank Rate loosening or otherwise. The longer part of the curve will also be impacted by inflation factors, but there is also the additional concern that with other major developed economies such as the US and France looking to run large budget deficits there could be a glut of government debt issuance that investors will only agree to digest if the interest rates paid provide sufficient reward for that scenario.

- So far, little mention has been made of the US President election and economic impact. Nonetheless, Donald Trump's victory paves the way for the introduction/extension of tariffs that could prove inflationary whilst the same could be said of further tax cuts and an expansion of the current US budget deficit. Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could impact PWLB rates whilst, as a general comment, geo-political risks abound in Europe, the Middle East and Asia.

- Revised PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012. Please note, the lower Housing Revenue Account (HRA) PWLB rate started on 15 June 2023 for those authorities with an HRA (standard rate minus 60 bps), but this does not apply to the Council who does not currently have a Housing Revenue Account.

Gilt yields and PWLB rates

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of our forecasts, but the risks to our forecasts are to the upsides. Target borrowing rates are set **two years forward** (as we expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below:

PWLB debt	Current borrowing rate as at 11.11.24 p.m.	Target borrowing rate now. (end of Q3 2026)	Target borrowing rate previous. (end of Q3 2026)
5 years	5.02%	4.30%	3.90%
10 years	5.23%	4.50%	4.10%
25 years	5.66%	4.90%	4.40%
50 years	5.42%	4.70%	4.20%

Borrowing advice: The long-term (beyond 10 years) forecast for Bank Rate has been increased to 3.25% (from 3%). As all PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should also be considered. Temporary borrowing rates will fall in line with Bank Rate cuts.

Link's suggested budgeted earnings rates for investments up to about three months' duration in each fiscal year are set out below.

Average earnings in each year	Now	Previously
2024/25 (residual)	4.60%	4.25%
2025/26	4.10%	3.35%
2026/27	3.70%	3.10%
2027/28	3.50%	3.25%
2028/29	3.50%	3.25%
Years 6 to 10	3.50%	3.25%
Years 10+	3.50%	3.50%

We will continue to monitor economic and market developments as they unfold. Typically, forecasts are reviewed following the quarterly release of the Bank of England's Monetary Policy Report but will consider our position on an ad hoc basis as required.

The interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

3.4 Borrowing Strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels, albeit only once prevailing inflation concerns are addressed by restrictive near-term monetary policy. That is, Bank Rate remains relatively elevated in 2025 even if some rate cuts arise.

Against this background and the risks within the economic forecast, caution will be adopted with the 2025/26 treasury operations. The Director of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- It is currently estimated that there will be a fall in interest rates over the next two financial years, therefore external borrowing is only to be taken under the shortest available duration (one or two years) to avoid borrowing long-term at a high long-term cost to the Council.
  Once borrowing rates have reached a lower, more manageable threshold when the treasury will consider taking a longer-term loan, resulting in a lower revenue cost to the authority for managing its levels of external debt.

Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

3.5 Policy on Borrowing in Advance of Need

The Council is required to consider its policy concerning borrowing in advance of need.

It is considered that the additional costs inherent in carry debt held in advance of need against the advantages of fixing debt at the current rates and has determined that the policy is to borrow as close to the time of requiring funds as possible to prevent over-exposure to unnecessary interest rate costs to the revenue budget.

3.6 Rescheduling

Rescheduling of current borrowing in our debt portfolio may be considered whilst premature redemption rates remain elevated but only if there is surplus cash available to facilitate any repayment, or rebalancing of the portfolio to provide more certainty is considered appropriate. At the current time it is felt that holding onto the current investments until capital values recover from the recent economic events is the best course of action to avoid capital losses on the original principle invested.

However, with the current high amount of long-term investment compared to short-term investment the treasury will consider rescheduling of any long-term investment should its capital value recover to the same value, or above the value of initial investment.

If rescheduling is to be undertaken, it will be reported to Full Council at the earliest meeting following its action.

3.7 New Financial Institutions as a Source of Borrowing and / or Types of Borrowing

Currently the PWLB Certainty Rate is set at gilts + 80 basis points. However, consideration will be made to possibly long-term borrow from other Local Authorities if borrowing rates/maturities are deemed more favourable. This would typically only apply to borrowing between 1-3 years as Local Authorities do not typically lend longer term to minimize unknown cashflow forecasting risk.

3.8 Approved Sources of Long and Short-term Borrowing

On Balance Sheet	**Fixed**	**Variable**
PWLB	●	●
Local Authorities	●	●
Pension Funds	●	●
Fire Authorities	●	●
Police Authorities	●	●
Internal (capital receipts & revenue balances)	●	●

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment Policy – Management of Risk

The Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team).

The Council's investment policy has regard to the following: -

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- CIPFA Treasury Management Guidance Notes 2021

The Council's investment priorities will be security first, portfolio liquidity second and then yield (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with regard to the Council's risk appetite.

In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also retain long-term pooled fund investments (over twelve months) months with high credit rated financial institutions, whilst investment rates remain elevated to generate interest income to support the Council's budget during difficult economic times. Capital values of long-term investments have been steadily recovering from a sharp fall since the start of the Ukraine-Russia war, however, at the current time the capital values are still lower than the value of original principle invested. Therefore, the treasury's intention is to retain these investments for a further financial year and re-assess the possibility of divestment in future financial years once the capital values of shares have recovered further to prevent a loss to the Council through the early redemption of funds.

The above guidance from MHCLG and CIPFA places a high priority on the management of risk. This Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.

2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as **"credit default swaps"** and overlay that information on top of the credit ratings.

3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

4. This Council has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in Appendix 5.4 under the categories of ‘specified’ and ‘non-specified’ investments.

   Specified investments are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity, if originally, they were classified as being non-specified investments solely due to the maturity period exceeding one year.

   Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

5. **Non-specified and loan investment limits.** The Council has determined that it will set a limit to the maximum exposure of the total treasury management investment portfolio to non-specified treasury management investments of 10% to prevent treasury liquidity risks arising from administering of housing loans. This equates to a maximum amount of loan investment of £3.2m at any one time during the financial year as shown in the creditworthiness policy further in this document under “housing associations”).

6. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2.

7. **Transaction limits** are set for each type of investment in 4.2.

8. This Council will set a limit for its investments which are invested for **longer than 365 days**, (see paragraph 4.4).

9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).

10. This Council has engaged **external consultants**, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Council in the context of the expected level of cash balances and need for liquidity throughout the year.

11. All investments will be denominated in **sterling**.

12. As a result of the change in accounting standards for 2023/24 under IFRS 9, this Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23. Subsequently, a further extension to the over-ride to **31.3.25** was agreed by Government.

However, this Council will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year.
The above criteria are primarily from last year; however, the Counterparty Limits will be amended to be based around the assumed maximum investment portfolio for the upcoming financial year.

4.2 Creditworthiness Policy

This Council applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays: -

1. "watches" and "outlooks" from credit rating agencies.
2. CDS spreads that may give early warning of changes in credit ratings.
3. sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, and any assigned Watches and Outlooks, in a weighted scoring system which is then combined with an overlay of CDS spreads. The end-product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will, therefore, use counterparties within the following durational bands:

- Yellow 5 years *
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically, the minimum credit ratings criteria the Council uses will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored bi-annually or upon alert from Link Treasury Advisors. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

- in addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Senior Financials benchmark and other market data on a daily basis via its passport website, provided exclusively to it by Link. Extreme market movements may result in the downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition, this Council will also use market data and market information, as well as information on any external support for banks to help its decision-making process.

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

	Colour (and long-term rating where applicable)	Sector limit	Transaction/ Counterparty limit	Time limit
UK Government/DMADF	n/a	Unlimited	Unlimited	Unlimited
Local authorities	n/a	£11,000,000	£3,500,000	25 years
Other institutions limit	-	£3,200,000	£1,600,000	5 years
Banks	Yellow	Unlimited	£1,600,000	5 yrs
Banks	Purple	Unlimited	£1,600,000	2 yrs
Banks	Orange	Unlimited	£1,600,000	1 yr
Banks – part nationalised	Blue	Unlimited	£1,600,000	1 yr
Banks	Red	Unlimited	£1,600,000	6 mths
Banks	Green	Unlimited	£1,600,000	100 days
Banks	No Colour	Unlimited	£Xm	No investment
Limit 3 category – Authority's banker (where "No Colour")	n/a	Unlimited	£2,000,000	Unlimited
Housing associations	Colour bands	£3,200,000	£3,200,000	As per colour band
	Fund rating	Sector Limit	Transaction/ Counterparty limit	Time Limit
Money Market Funds	AA+	£22,400,000	£3,200,000	liquid
Strategic Pooled Funds	AA+	£25,600,000	£5,000,000	Redemption no more than 7 days
Covered Bonds	AA+	£25,600,000	£5,000,000	Redemption no more than 7 days

Creditworthiness.
Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. Nonetheless, when setting minimum sovereign debt ratings, this Council will not set a minimum rating for the UK as its Country of origin.

CDS prices
Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government in the autumn of 2022, they have returned to more average levels since then. However, sentiment can easily shift, so it

will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Council has access to this information via its Link-provided Passport portal.

4.3 Limits

Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors.

a. **Non-specified treasury management investment limit.** The Council has determined that it will limit the maximum total exposure of treasury management investments to non-specified treasury management investments as being 10% of the total treasury management investment portfolio (to match the housing associations 10% limit in the table above).
b. **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of *AA-*** from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5.6. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

Other limits. In addition:

- No funds will be invested with any non-UK country at any time.
- limits in place above will apply to a group of companies/institutions.
- sector limits will be monitored regularly for appropriateness.

4.4 Investment Strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that the risks are relatively balanced between Bank Rate staying higher for longer, if inflation picks up markedly through 2025 post the 30 October 2024 Budget, or it may be cut quicker than expected if the economy stagnates. The economy only grew 0.1% in Q3 2024, but the CPI measure of inflation is now markedly above the 2% target rate set by the Bank of England's Monetary Policy Committee two to three years forward.

Accordingly, while most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

Investment returns expectations.
The current forecast shown in paragraph 3.3, includes a forecast for Bank Rate to fall to a low of 3.5%.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

Average earnings in each year	Now	Previously
2024/25 (residual)	4.60%	4.25%
2025/26	4.10%	3.35%
2026/27	3.70%	3.10%
2027/28	3.50%	3.25%
2028/29	3.50%	3.25%
Years 6 to 10	3.50%	3.25%
Years 10+	3.50%	3.50%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

At the current time, the treasury officers agree with this interest rate forecast from the treasury advisors.

For its cash flow generated balances, the Council will seek to utilise its Money Market Funds in order to benefit from the compounding of interest in the current economic climate.

Changes of investment strategy
The Council does not intend to make any major changes to its investment portfolio in 2025/26. With capital values on its long-term pooled fund investments still recovering from the economic downturn, re-diversifying the portfolio would lead to a loss to the Authority on the original principle invested.
It is therefore best to balance the additional increase in interest rates on the current investments with the borrowing costs of maintaining an adequate level of liquid cash until the capital value of the authorities pooled fund investments have recovered further.

Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end. This limit is calculated as the sector limits for strategic pooled funds plus housing associations as listed in the table above under creditworthiness.

The Council is asked to approve the following treasury indicator and limit:

Upper limit for principal sums invested for longer than 365 days (£m)			
	2024/25	**2025/26**	**2026/27**
Principal sums invested for longer than 365 days	£28,800,000	£28,800,000	£28,800,000
Current investments as at 30.11.24 in excess of 1 year maturing in each year	£20,000,000	£20,000,000	£20,000,000

4.5 Investment Performance / Risk Benchmarking

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

Security - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- There is a very small historic risk of default when compared to the whole portfolio.

Liquidity – in respect of this area the Council seeks to maintain:

- Liquid short-term deposits of at least £1m available with a week's notice.
- Weighted average life benchmark is expected to be 30 years, with a maximum of 50 years.

Yield - local measures of yield benchmarks are:

- Investments – internal returns above the 7-day SONIA compounded rate.
- Investments – external fund managers return above the 7-day SONIA compounded rate.

4.6 End of Year Investment Report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

4.7 External Fund Managers

£20m of the Council's funds is externally managed on a pooled basis.

The Authority's external fund manager(s) will comply with the Annual Investment Strategy. The agreement(s) between the Authority and the fund manager(s) additionally stipulate guidelines on duration and other limits in order to contain and control risk.

The Authority fully appreciates the importance of monitoring the activity and resultant performance of its appointed external fund manager. In order to aid this assessment, the Authority is provided with a suite of regular reporting from its manager. This includes online reporting portals, monthly statements from fund manager to allow treasury officers to see balances of the Council's investments and a year-end portfolio statement.

5 APPENDICES

1. Capital prudential and treasury indicators (additional)
2. Interest rate forecasts
3. Economic background
4. Approved countries for investments
5. Treasury management scheme of delegation
6. The treasury management role of the section 151 officer

5.1 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2025/26 – 2027/28

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

5.1.1 Capital Expenditure

From section 2.1:

Capital expenditure £m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Approved Capital Programme	13.766	37.723	16.721	8.518	1.700
Capital Bids to be Reviewed	-	-	2.151	0.343	-
Total	**13.766**	**37.723**	**18.872**	**8.861**	**1.700**

5.1.2 Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

Ratio of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs), against the net revenue stream.

From section 2.2. using forecasted MRP projections, the below tables show the expected trend in the cost of capital (borrowing and other long-term obligation costs net of investment income), against the net revenue stream:

Table a. CFR projections based on current Capital Programme:

£m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Less MRP	0.474	0.507	0.527	0.563	0.581
Expected Net Revenue Stream (General Fund)	6.739	7.069	7.310	7.584	7.869
% Ratio of Financing Costs to Net Revenue Stream	**7.03%**	**7.17%**	**7.21%**	**7.42%**	**7.38%**

Table b. CFR projections if all new capital bids approved:

£m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
MRP	0.474	0.507	0.527	0.625	0.655
Expected Net Revenue Stream (General Fund)	6.739	7.069	7.310	7.584	7.869
% Ratio of Financing Costs to Net Revenue Stream	**7.03%**	**7.17%**	**7.21%**	**8.24%**	**8.32%**

The estimates of financing costs include current commitments and the proposals in this budget report.

5.2 INTEREST RATE FORECASTS 2024-2027

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

PWLB forecasts are based on PWLB certainty rates.

5.3 ECONOMIC BACKGROUND (to 30th September 2024)

- The third quarter of 2024 (July to September) saw:
- GDP growth stagnating in July following downwardly revised Q2 figures (0.5% q/q)
- A further easing in wage growth as the headline 3myy rate (including bonuses) fell from 4.6% in June to 4.0% in July.
- CPI inflation hitting its target in June before edging above it to 2.2% in July and August.
- Core CPI inflation increasing from 3.3% in July to 3.6% in August.
- The Bank of England initiating its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady in its September meeting.
- 10-year gilt yields falling to 4.0% in September.
- The economy's stagnation in June and July points more to a mild slowdown in GDP growth than a sudden drop back into a recession. Moreover, the drop in September's composite activity Purchasing Managers Index, from 53.8 in August to 52.9, was still consistent with GDP growth of 0.3%-0.4% for the summer months. This is in line with the Bank of England's view, and it was encouraging that an improvement in manufacturing output growth could be detected, whilst the services PMI balance suggests non-retail services output grew by 0.5% q/q in Q3. Additionally, the services PMI future activity balance showed an uptick in September, although readings after the Chancellor's announcements at the Budget on 30th October will be more meaningful.
- The 1.0% m/m jump in retail sales in August was stronger than the consensus forecast for a 0.4% m/m increase. The rise was reasonably broad based, with six of the seven main sub sectors recording monthly increases, though the biggest gains came from clothing stores and supermarkets, which the ONS reported was driven by the warmer-than-usual weather and end of season sales. As a result, some of that strength is probably temporary.
- The Government's plans to raise public spending by around £16bn a year (0.6% GDP) have caused concerns that a big rise in taxes will be announced in the Budget, which could weaken GDP growth in the medium-term. However, if taxes are raised in line with spending (i.e., by £16bn) that would mean the overall stance of fiscal policy would be similar to the previous government's plan to reduce the budget deficit. Additionally, rises in public spending tend to boost GDP by more than increases in taxes reduce it. Our colleagues at Capital Economics suggest GDP growth will hit 1.2% in 2024 before reaching 1.5% for both 2025 and 2026.
- The further easing in wage growth will be welcomed by the Bank of England as a sign that labour market conditions are continuing to cool. The 3myy growth rate of average earnings fell from 4.6% in June to 4.0% in July. On a three-month annualised basis, average earnings growth eased from 3.0% to 1.8%, its lowest rate since December 2023. Excluding bonuses, the 3myy rate fell from 5.4% to 5.1%.
- Other labour market indicators also point to a further loosening in the labour market. The 59,000 falls in the alternative PAYE measure of the number of employees in August marked the fourth fall in the past five months. And the 77,000 decline in the three months to August was the biggest drop since November 2020. Moreover, the number of workforce jobs fell by 28,000 in Q2. The downward trend in job vacancies continued too. The number of job vacancies fell from 872,000 in the three months to July to 857,000 in the three months to August. That leaves it 34% below its peak in May 2022, and just 5% above its pre-pandemic level. Nonetheless, the Bank of England is still more concerned about the inflationary influence of the labour market rather than the risk of a major slowdown in labour market activity.

- CPI inflation stayed at 2.2% in August, but services inflation rose from a two-year low of 5.2% in July to 5.6%, significantly above its long-run average of 3.5%. Food and fuel price inflation exerted some downward pressure on CPI inflation, but these were offset by the upward effects from rising furniture/household equipment inflation, recreation/culture inflation and a surprisingly large rise in airfares inflation from -10.4% in July to +11.9% in August. As a result, core inflation crept back up from 3.3% to 3.6%. CPI inflation is also expected to rise in the coming months, potentially reaching 2.9% in November, before declining to around 2.0% by mid-2025.
- The Bank initiated its loosening cycle in August with a 25bps rate cut, lowering rates from 5.25% to 5.0%. In its September meeting, the Bank, resembling the ECB more than the Fed, opted to hold rates steady at 5.0%, signalling a preference for a more gradual approach to rate cuts. Notably, one Monetary Policy Committee (MPC) member (Swati Dhingra) voted for a consecutive 25bps cut, while four members swung back to voting to leave rates unchanged. That meant the slim 5-4 vote in favour of a cut in August shifted to a solid 8-1 vote in favour of no change.
- Looking ahead, CPI inflation will likely rise in the coming months before it falls back to its target of 2.0% in mid-2025. The increasing uncertainties of the Middle East may also exert an upward pressure on inflation, with oil prices rising in the aftermath of Iran's missile attack on Israel on 1 October. China's recent outpouring of new fiscal support measures in the latter stages of September has also added to the upshift in broader commodity prices, which, in turn, may impact on global inflation levels and thus monetary policy decisions. Despite these recent developments, our central forecast is still for rates to fall to 4.5% by the end of 2024 with further cuts likely throughout 2025. This is in line with market expectations, however, although a November rate cut still looks likely, December may be more problematic for the Bank if CPI inflation spikes towards 3%. In the second half of 2025, though, we think a more marked easing in inflation will prompt the Bank to speed up, resulting in rates eventually reaching 3.0%, rather than the 3.25-3.50% currently priced in by financial markets.
- Our forecast is next due to be updated around mid-November following the 30 October Budget, 5 November US presidential election and the 7 November MPC meeting and the release of the Bank of England Quarterly Monetary Policy Report.
- Looking at gilt movements in the first half of 2024/25, and you will note the 10-year gilt yield declined from 4.32% in May to 4.02% in August as the Bank's August rate cut signalled the start of its loosening cycle. Following the decision to hold the Bank Rate at 5.0% in September, the market response was muted, with the 10-year yield rising by only 5bps after the announcement. This likely reflected the fact that money markets had priced in a 25% chance of a rate cut prior to the meeting. The yield had already increased by about 10bps in the days leading up to the meeting, driven in part by the Fed's "hawkish cut" on 18 September. There is a possibility that gilt yields will rise near-term as UK policymakers remain cautious due to persistent inflation concerns, before declining in the longer term as rates fall to 3.0%.
- The FTSE 100 reached a peak of 8,380 in the third quarter of 2024, but its performance is firmly in the shade of the US S&P500, which has breached the 5,700 thresholds on several occasions recently. Its progress, however, may pause for the time being whilst investors wait to see who is elected the next US President, and how events in the Middle East (and Ukraine) unfold. The catalyst for any further rally (or not) is likely to be the degree of investors' faith in AI.

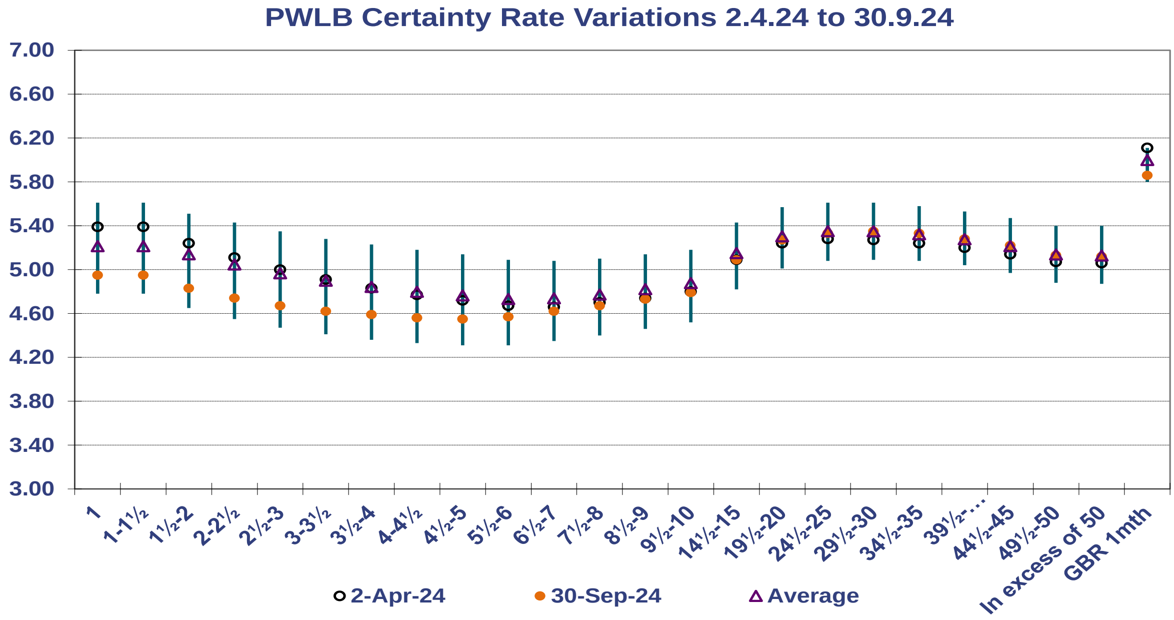
MPC meetings history: 9 May, 20 June, 1 August, 19 September, 7 November 2024

- On 9 May, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 to keep Bank Rate at 5.25%. This outcome was repeated on 20th June.

- However, by the time of the August meeting, there was a 5-4 vote in place for rates to be cut by 25bps to 5%. However, subsequent speeches from MPC members have supported Governor Bailey's tone with its emphasis on "gradual" reductions over time.
- Markets thought there may be an outside chance of a further Bank Rate reduction in September, following the 50bps cut by the FOMC, but this came to nothing.
- November then saw a rate cut to 4.75% (down 0.25%) but, hereafter, inflation and employment data releases, as well as geo-political events, are likely to be the determinant for what happens in the remainder of 2024/25 and into 2025/26.

In the chart below, despite a considerable gilt market rally in mid-September, rates started and finished the six-month period under review in broadly the same position.

PWLB RATES 02.04.24 - 30.09.24



HIGH/LOW/AVERAGE PWLB RATES FOR 02.04.24 – 30.09.24

	1 Year	5 Year	10 Year	25 Year	50 Year
02/04/2024	5.39%	4.72%	4.80%	5.28%	5.07%
30/09/2024	4.95%	4.55%	4.79%	5.33%	5.13%
Low	4.78%	4.31%	4.52%	5.08%	4.88%
Low date	17/09/2024	17/09/2024	17/09/2024	17/09/2024	17/09/2024
High	5.61%	5.14%	5.18%	5.61%	5.40%
High date	29/05/2024	01/05/2024	01/05/2024	01/05/2024	01/05/2024
Average	5.21%	4.76%	4.88%	5.35%	5.14%
Spread	0.83%	0.83%	0.66%	0.53%	0.52%

5.4 APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link creditworthiness service.

Based on lowest available rating (as at 25.11.24)

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- Qatar

AA-

- Belgium
- France
- **U.K.**

5.5 TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Full Council:

- Receiving and reviewing reports on treasury management policies, practices and activities.
- Approval of annual strategy.
- Budget consideration and approval.

(ii) Cabinet:

- Approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices.
- Approval of the division of responsibilities.
- Receiving and reviewing regular monitoring reports and acting on recommendations or to make further recommendation to Full Council.
- Approving the selection of external service providers and agreeing terms of appointment.

(iii) Overview & Scrutiny Committee

- Reviewing the treasury management policy and procedures and making recommendations to the responsible body.
- Receiving and reviewing regular monitoring reports and making recommendations to Cabinet.

5.6 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance.
- submitting regular treasury management policy reports.
- submitting budgets and budgets variations.
- receiving and reviewing management information reports.
- reviewing the performance of the treasury management function.
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- ensuring the adequacy of internal audit and liaising with external audit.
- recommending the appointment of external service providers.
- preparation of a Capital Strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe.
- ensuring that the Capital Strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the Authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the Authority does not undertake a level of investing which exposes the Authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by the Authority
- ensuring that the Authority has adequate expertise, either in house or externally provided, to carry out the above

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Capital Strategy 2025-26	
Executive Summary	This report sets out the Council's Capital Strategy for the year 2025-26. It sets out the Council's approach to the deployment of capital resources in meeting the Council's overall aims and objectives while providing the strategic framework for the effective management and monitoring of the capital programme.
Options considered	This report must be prepared to ensure the Council complies with the CIPFA Treasury Management and Prudential Codes.
Consultation(s)	Section 151 Officer
Recommendations	To recommend to Full Council that the Capital Strategy 2025/26 is approved.
Reasons for recommendations	The Council is required to approve a Capital Strategy to demonstrate compliance with the Codes and establishes the strategic framework for the management of the capital programme.
Background papers	CIPFA Prudential Code (Treasury Management in the Public Services: Code of Practice 2021 Edition). CIPFA Prudential Code (Capital Finance in Local Authorities: Code of Practice 2021 Edition).

Wards affected	All
Cabinet member(s)	Cllr. Lucy Shires
Contact Officer	Daniel King Assistant Director Finance & Assets Daniel.king@north-norfolk.gov.uk

1 Purpose of the report

1.1 The CIPFA *Prudential Code for Capital Finance in Local Authorities 2021* and *Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes 2021 Edition* require Local Authorities to publish a Capital Strategy each year. Under the provisions of the Local Government Act 2003, Local Authorities are required to operate within the guidance of the Prudential Code (the Code) with regard to capital investment decisions.

2 Introduction & Background

2.1 This Capital Strategy sets out the Council's approach and process to the deployment of capital resources in meeting the Council's overall aims and objectives. It also provides a strategic framework for the effective management and monitoring of the capital programme, within which the Council will work in formulating the strategies for individual services. It is a primary document for all capital decision making, together with the Corporate Plan and other strategies.

3 Proposals & Options

3.1 Sections 5 – 9 of this report outline the Council's full Capital Strategy for the 2025/26 financial year.

4 Corporate Priorities

4.1 The Corporate Plan sets out what the Council intends to do between 2023 and 2027. It focuses on five priorities which will influence how we move forward:

- Our Greener Future
- Developing Our Communities
- Meeting Our Housing Needs
- Investing In Our Local Economy & Infrastructure
- A Strong, Responsible & Accountable Council

The Council's capital works can be used to help deliver these priorities.

5 Capital Expenditure

5.1 All capital projects are considered and prioritised as part of the Council's overall budget process, with affordability in relation to the Medium-Term Financial Strategy (MTFS) being a key consideration. The revenue implications and funding of any approved bids are included within the Council's revenue budget forecasts to identify the resultant effects on future Council Tax levels.

5.2 The business case and options appraisal methodology are applied to all significant projects (those with a capital cost of over £50,000). The options appraisal should be undertaken by the relevant manager (project leader) initially.

5.3 The business case considers the full options appraisal as evidence to support the recommended option as required. The options analysis will cover elements such as risk, sensitivity and cost benefit analysis and will seek to identify the option that delivers maximum benefit at the lowest or most appropriate cost.

5.4 Projects that generate future income streams for the Council, for example industrial estates and other Commercialisation projects are also viewed positively within the evaluation process. The Asset Management Plan framework helps to identify these assets in order to ensure the revenue implications are again fully accounted for in the decision-making process for the disposal of assets.

5.5 The Current approved Capital Programme can be found as part of the Council's Outturn Report 2023/24 to Cabinet 24 July 2024 (Appendices D & E).

6 Medium- and Long-Term Funding Strategy

6.1 There are a number of sources of funding available to the Council for capital schemes (capital grants/contributions, capital receipts, borrowing etc). Revenue funding is also available via a Revenue Contribution to Capital Outlay (RCCO); however, it should be noted that the scope for using revenue resources for capital purposes is limited.

6.2 The current Capital Programme is funded from grants and contributions, capital receipts from the disposal of assets and from the Council's own reserves, internal and external borrowing. Whilst capital funding is available to invest in new assets or in improving existing assets, the impact on the revenue account due to the loss of investment income is always a key consideration.

6.3 The Council has access to short or long-term borrowing if required to finance capital expenditure. Although business cases for new capital projects are modelled on the assumption that borrowing will be required (to reflect a 'worst case scenario' in terms of cost), the decision to borrow externally is ultimately a treasury one and is made closer to the time when expenditure is actually incurred, taking into account available cash balances, the opportunity cost of investments, and the exposure to interest rate and credit risks.

6.4 It is a requirement of the CIPFA code that the Council considers alternative means of financing if required. The Council is aware of the opportunities that may be realisable through a Private Finance Initiative (PFI). The Procurement Strategy includes guidance on appraising Private Public Partnerships in the context of service delivery and emphasises that obtaining 'value for money' means choosing the optimum combination of whole life costs and benefits to meet the customer's requirements. This is not necessarily the lowest initial price option and requires an assessment of the ongoing revenue/resource implications as well as initial capital investment.

6.5 The Council recognises the importance of attracting ‘new money’ into the district and wherever possible supports match funding requests. When identifying and planning new schemes, the Council will try to maximise all external sources of finance without reducing the effectiveness of the scheme.

7 Asset Management and Commercial Activities

7.1 The Council has a diverse range of land and property held to meet its Corporate Objectives and values as outlined in the Council’s Corporate Plan. Land and property assets can play a key role in reducing Council budget deficits and generating both capital and revenue income. The Council can use its assets more effectively to meet tough financial targets both through reducing costs and generating income.

7.2 In the main the Council will adopt a “buy and hold” strategy for property investments. This is where the Council purchases an asset and lets it to generate revenue income, whilst retaining it for the long term. A long-term investment is considered to be of 10 years and over. Whilst it cannot be guaranteed, in the long term a good overall rate of return is anticipated allowing for a cyclical property market.

7.3 In terms of development opportunities, the Council may seek to “buy and hold” assets for the medium term where it sees a strategic advantage of doing so, for example land assembly for town center regeneration or acquiring land to develop in a phased approach to minimise risk of oversupply and for cash flow purposes.

7.4 The Council may also seek to “buy and sell on” an asset in the short to medium term of between 1 – 5 years. For example, where there is opportunity to secure good terms or a low price enabling a surplus to be made from a sale or redevelopment.

7.5 Further information can be found in the Council’s Land and Property Acquisition Policy.

7.6 The Council seeks to achieve a spread of risk across a greater number of assets and by acquiring properties across the range of commercial property types, including: retail, leisure/tourism, office, and industrial assets.

7.7 The Council has a small portfolio of commercial assets to rent within the district. These are identified within the Asset Management Plan as being held by the Council primarily for the purpose of generating income to support the Councils, revenue, and capital budgets. Whilst generating income, returns and financial independence to support the delivery of services, there are a number of benefits to the Council, the community, tourist, and business sector from the Council commercial portfolio including promoting strategic regeneration, increasing business rate and council tax income, and supporting tourism.

7.8 Where assets are identified as being surplus to requirements and not achieving required financial or service delivery performance targets, they can be considered for disposal to provide useable capital receipts, which can then be redirected to achieve the Council's objectives. Further information can be found in the Council's Disposal Policy.

7.9 The Council's Property Services Team has historically managed the Council property portfolio with support of the Finance team, Eastlaw and Economic Development. Different types of commercial property require different levels of resource to manage effectively. Business Centres with easy in and out terms, tend to be more management intensive due to the relatively high turnover of tenants, in comparison to the longer leases of industrial units, where typically tenants have responsibility for full maintenance/repairs and insuring.

7.10 Asset management undertaken includes:

- Rent collection and rent arrears management
- Service charge reviews and collection
- Building and grounds maintenance, testing of appliances and monitoring
- Tenant liaison
- Marketing and re-letting empty units
- Negotiating terms of rent reviews and new leases
- Expiry of leases, lease renewals and terminations
- Dilapidations

An increase to the portfolio will require additional resource to manage effectively which could be achieved by additional staff for internal management or appointing experienced commercial agents for external management. Assets held outside of the district would require external resource to manage the assets effectively. In the coming months, the Council will be undertaking surveys across its asset portfolio in order to identify areas for investment in terms of repairs and ongoing maintenance. This will inform future year's Revenue budgets and ensure the ongoing viability of the asset portfolio.

7.11 Successful delivery of the Council's vision for Capital investment relies on the skills and culture of the organisation being appropriate. Members, Statutory Officers, and those with decision making powers keep their relevant knowledge up to date through CPD schemes, workshops with treasury advisers and other relevant bodies and networking with other authorities to share best practice. Information is disseminated between parties within the organisation when appropriate.

8 Debt Management and MRP Statement

8.1 Where a local authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as the Minimum Revenue Provision (MRP). There has been no statutory minimum amount to be applied since 2008, although the Local Government Act 2003 does require authorities to have regard to the Department for Communities and Local Government's Guidance on Minimum Revenue Provision (revised April 2024)

8.2 The Guidance requires that the Council approve an Annual MRP Statement in advance of each financial year and identifies a number of options for calculation of a prudent provision for MRP. Whilst there are four alternative methods available for this calculation, only two apply to new borrowing under the Prudential system for which no Government support is being given, i.e. borrowing which is intended to be self-financed.

8.3 All Council decisions made in relation to capital expenditure will be reviewed on their own merits and the most equitable treatment will be introduced in respect of the financing of these schemes. For the purposes of existing schemes and those proposed for the coming financial years where borrowing has been assumed, the Council will be applying the Asset Life Basis (Option 3 under the MHCLG Guidance). This allows MRP to be charged to the revenue account across the estimated life of the assets that are being funded, in accordance with the regulations.

9 Prudential Indicators

9.1 Under the Prudential Code the Council is required to set and approve a range of performance indicators each year in line with the budget and Treasury Management Strategy, and to monitor them during the year. Under these arrangements local authorities are allowed to enter into borrowing to support capital spending as long as they are able to demonstrate that they can afford to do so.

9.2 Authorised Limit for External Debt

The Council has an integrated Treasury Management Strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council, and not just those arising from capital spending reflected in the CFR. The Council is required to set for the coming year and the following two financial years an authorised limit for its total gross external debt, separately identifying borrowing from other long-term liabilities. The Authorised Limit sets the maximum level of external debt on a gross basis (i.e. excluding investments) for the Council. It is measured against all external debt items (i.e. long- and short-term borrowing, overdrawn bank balances and long-term liabilities). The indicator separately identifies borrowing from other long-term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved Treasury Management policy statement and practices. The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

	2024/25 £m	**2025/26 £m**	**2026/27 £m**	**2027/28 £m**
Authorised limit for borrowing	25.000	40.000	40.000	40.000
Authorised limit for other long-term liabilities	0.000	3.000	3.000	3.000

Authorised limit for external debt	**25.000**	**40.000**	**40.000**	**40.000**

9.3 Operational Boundary for External Debt

The Council is required to set for the forthcoming financial year and the following two financial years an operational boundary for its total external debt, excluding investments, separately identifying borrowing from other long-term liabilities. The Operational Boundary is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst-case scenario, and without the additional headroom included within the Authorised Limit for unusual cash movements.

	2024/25 £m	**2025/26 £m**	**2026/27 £m**	**2027/28 £m**
Operational boundary for borrowing	15.000	30.000	30.000	30.000
Operational boundary for other long-term liabilities	0.000	0.000	0.000	0.000
Operational boundary for external debt	**15.000**	**30.000**	**30.000**	**30.000**

9.4 Capital Expenditure

Local Authorities are required by the Prudential Code to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax. The Council is required to make reasonable estimates of the total capital expenditure that it plans to incur during the forthcoming year and at least the following two financial years. Below includes the breakdown of the approved capital programme and the capital bids to be reviewed as part of the current year cycle.

	2023/24 Actual	**2024/25 Estimate**	**2025/26 Estimate**	**2026/27 Estimate**	**2027/28 Estimate**
Approved Capital Programme	13.766	37.723	16.721	8.518	1.700
Capital Bids to be Reviewed	-	-	2.151	0.343	-
Total	**13.766**	**37.723**	**18.872**	**8.861**	**1.700**

Please note that in the following section (9.5 – 9.6) it has been assumed the capital bids are to be taken for the purposes of the representation of the capital financing requirement, and the proportion of financing costs to net revenue stream.

9.5 Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and financing. The Council is required to make reasonable estimates of the total capital financing requirement at the end of the forthcoming financial year and the following two years as shown in the table below. The total CFR indicated in the table relates in part to vehicles and equipment used on the Council's refuse and car park management contracts. These are recognised under IFRS accounting regulations which require equipment on an embedded finance lease to be recognized on the balance sheet. The CFR takes into consideration the Cabinet decision to provide loan advances to Registered Providers under the Local Investment Strategy. Although initially this will increase the CFR, the capital receipts generated by the annual repayments on the loans will be applied to reduce the CFR across subsequent years. This is a key indicator for prudence. In order to ensure that over the medium-term debt will only be used for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

	2023/24 Actual	**2024/25 Budget**	**2025/26 Budget**	**2026/27 Budget**	**2027/28 Budget**
Capital Financing Requirement	17.474	20.995	23.066	23.293	23.099
Minimum Revenue Provision	0.474	0.507	0.527	0.576	0.594

Financing of Capital Expenditure	**2023/24 Actual**	**2024/25 Budget**	**2025/26 Budget**	**2026/27 Budget**	**2027/28 Budget**
Capital receipts	0.470	3.395	0.802	0.610	0.300
Capital grants	7.846	25.746	14.373	7.148	1.000
Capital contributions	1.035	2.127	0.799	0.300	0.000
Reserves	1.455	2.427	0.300	0.000	0.000
Revenue Contribution to Capital Outlay	0.100	0.000	0.000	0.000	0.000
Borrowing	2.860	4.028	2.598	0.803	0.400
Total	**13.766**	**37.723**	**18.872**	**8.861**	**1.700**

9.6 *Proportion of Financing Costs to Net Revenue Stream*

The Council is required to estimate for the following financial year and the following two years the proportion of financing costs to net revenue stream. This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code and is based on the costs net of investment income.

	2023/24 Actual	**2024/25 Budget**	**2025/26 Budget**	**2026/27 Budget**	**2027/28 Budget**
Financing cost (net)	0.474	0.507	0.527	0.625	0.655

Net Revenue Stream	6.739	7.069	7.310	7.584	7.869
Ratio	**7.03%**	**7.17%**	**7.21%**	**8.24%**	**8.32%**

10 Links to other Strategies and Plans

10.1 The Council has fully integrated its Capital Strategy as part of its strategic financial planning process and this policy influences both the production of the MTFS and the capital and revenue budget planning process. The Strategy is also linked to the other main asset related policies, namely the Asset Management Plan, the Land and Property Acquisition Policy, the Commercial Property Strategy, the Land and Property Disposals Policy.

10.2 The Treasury Management Strategy details the Council's treasury management arrangements to manage the Council's cash flow, including the anticipated use of reserves, so as to maximise income from investments and minimise interest payments on borrowing, whilst minimising the risk to the Council's assets. This Strategy can influence the potential receipts available for funding capital and will also directly inform any borrowing decisions for capital purposes.

10.3 The Procurement Strategy seeks to ensure that Value for Money is achieved in all of the Council's procurement decision-making activities and systems. The guidance should be applied by all Officers in conjunction with the requirements incorporated within the Council's Contract Standing Orders and Financial Regulations and has great relevance to preparing capital bids.

10.4 The Capital Strategy is also aligned with the Risk Management Strategy, and managers are required to consider risk when completing the standard business case pro-forma.

11 Financial and Resource implications

11.1 This report is financial in nature and financial implications are included within the content of the report.

Comments from the S151 Officer:

This report is financial in nature and financial implications are included within the content of the report.

12 Legal Implications

12.1 None as a direct consequence of this report.

Comments from the Monitoring Officer

Whilst there are no specific legal or governance comments. It is noted that this is a necessary financial report to comply with the CIPFA Code of Practice.

13 Risks

13.1 Any financial risks or implications are included within the content of the report.

14 Net Zero Target

14.1 None as a direct consequence of this report.

15 Equality, Diversity & Inclusion

15.1 None as a direct consequence of this report.

16 Community Safety issues

16.1 None as a direct consequence of this report.

17 Conclusion and Recommendations

17.1 It is recommended that Full Council approves the Capital Strategy 2025/26 to ensure the Council is compliant with the Prudential Codes.

Draft Revenue Budget for 2025-26	
Executive Summary	This report presents the latest iteration of the budget for 2025/26. It is intended to present the position as we currently know it and it will need to be updated as more information becomes available e.g. the impact of the final Local Government Finance Settlement for 2025/26.
Options considered.	No other options have been considered as it is a legal requirement to calculate "the expenditure which the authority estimates it will incur in the forthcoming year in performing its functions" and then subtract "the sums which it estimates will be payable for the year into its general fund". This is required to set a balanced budget before 11 March 2025.
Consultation(s)	The Overview and Scrutiny Committee will have the opportunity to review this report at its meeting on 22 January 2025. It will be able to make recommendations that Cabinet will be able to consider at its meeting on 3 February 2025. Budget consultation is taking place on the Council's website currently for anyone to share their views. Consultation with Business Rates payers is also being undertaken. The results of both these consultations will be included in the report being presented to Full Council on 19 February 2025.
Recommendations	1. That Cabinet consider the list of proposed savings and agree on which ones should be taken so that a balanced budget can be recommended to full Council. 2. That an alternative option for balancing the budget should be agreed to replace savings not taken if there are any. 3. That Cabinet agree that any additional funding announced as part of the final Local Government Settlement announcement be transferred to reserves. 4. That Cabinet decide which proposed new capital bids should be recommended to full Council for inclusion in the Capital Programme.
Reasons for recommendations	To enable the Council to set a balanced budget.
Background papers	2024/25 Budget report presented to full Council on 21 February 2024.

Wards affected	All
Cabinet member(s)	Cllr Lucy Shires
Contact Officer	Tina Stankley Director of Resources and s151 Officer tina.stankley@north-norfolk.gov.uk

Links to key documents:	
Corporate Plan	Strong, Responsible & Accountable Council.
Medium Term Financial Strategy (MTFS)	The setting of a balanced budget for 2025/26 provides the base position for reviewing the following years of the Medium Term Finance Plan.
Council Policies & Strategies	Budget Setting & Medium Term Finance Strategy.

Corporate Governance:	
Is this a key decision	Yes
Has the public interest test been applied	Yes
Details of any previous decision(s) on this matter	

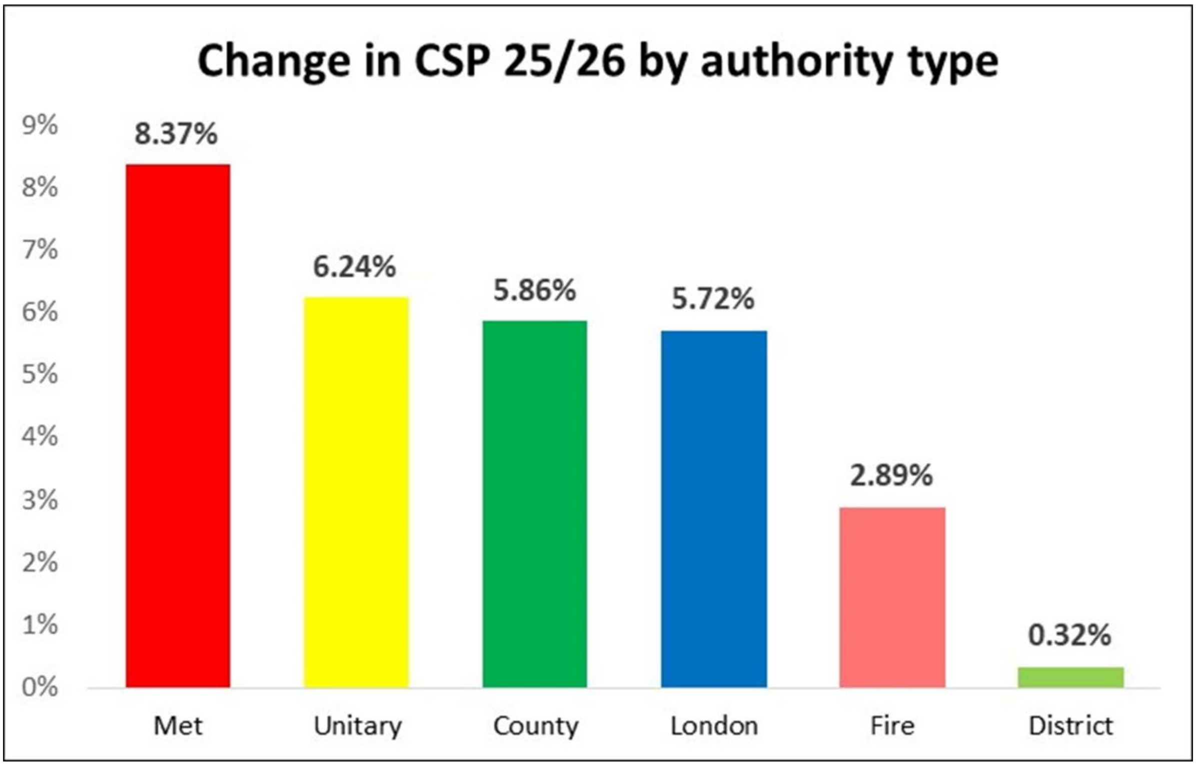
1. Purpose of the report

This report is being presented to Cabinet to enable it to finalise the budget, to consider the assumptions made in the draft budget and to confirm its alignment with the Corporate Plan.

2. Introduction & Background

2.1 Local authorities across the UK continue to find themselves under considerable financial pressure as a result of external factors that are beyond their control. These are manifesting themselves with ever increasing pressures on demand led services e.g. temporary accommodation. There have been several S114 notices issued over the last 18 months and there have been several Council's seeking exceptional financial support from the Government in recent times.

2.2 The provisional Local Government Finance Settlement for 2025/26 announced on 18 December 2024 was a shock for the majority of District Councils. The Labour Government's Budget announcement of an allocation of £1.3bn new grant funding for local authority services in 2025/26 led to an expectation that the increase in core spending power 3.2% for local authorities would be for all local authorities. However, the Government made substantial changes in the distribution of funding. So, whilst the overall increase in core spending power was 6%, District Councils' overall increase was only 0.32%. The total of the floor funding of £121m was used entirely for districts. There were 133 out of the 164 District Councils that received a zero per cent increase, with NNDC being allocated £805,000 to bring its increase up to 0.0% i.e. without this the Council would have seen a reduction in funding of this £805,000. The diagram below shows how funding was redistributed across authority type and who the winners and losers of this were.



2.3 Both the Rural Services Delivery Grant and the Recovery Grant were abolished, and this funding was repurposed. The Council received £680,000 via a combination of both grants. A new Recovery Grant was introduced, however, rural authorities seemed to have lost out as they will receive a lower share of this.

3. Current Proposed Budget for 2025/26

3.1 The 2025/26 budget presented below is a balanced budget – see line 31. The MTFP is contained in Appendix A along with further detail of Service Budgets contained in Appendix B

Table 1: General Fund Summary Budget

General Fund Summary 2025/26 Base Budget				
Line No.	Column A	Column B	Column C	Column D
		2024/25 Base Budget	**2024/25 Updated Budget**	**2025/26 Base Budget**
		£	**£**	**£**
	Service Area			
1	Corporate Leadership/ Executive Support	406,877	3,141,751	3,043,719
2	Communities	11,530,421	8,827,655	9,099,398
3	Place and Climate Change	7,121,376	5,420,883	4,520,786
4	Resources	4,707,480	6,219,659	5,622,995
5	Savings to be Identified	(250,000)	0	0
6	**Net Cost of Services**	**23,516,154**	**23,609,948**	**22,286,898**
7	Parish Precepts	3,129,190	3,129,190	3,129,194
8	Capital Charges	(2,962,370)	(2,962,370)	(2,962,374)
9	REFCUS	(761,647)	(761,647)	(761,647)
10	Interest Receivable	(1,865,162)	(1,865,162)	(1,403,400)
11	External Interest Paid	40,280	340,280	302,100
12	Revenue Financing for Capital:	210,000	2,447,782	320,000
13	Minimum Revenue Provision	487,860	487,860	530,858
14	IAS 19 Pension Adjustment	268,000	268,000	276,280
15	**Net Operating Expenditure**	**22,062,305**	**24,693,881**	**21,717,909**
16	Parish Precepts	(3,129,190)	(3,129,190)	(3,129,194)
17	Council Tax	(7,068,940)	(7,068,940)	(7,297,245)
18	Collection fund surplus	(108,320)	(108,320)	0
19	Retained Business Rates	(7,683,010)	(7,683,010)	(8,500,000)
20	New Homes bonus	(5,600)	(5,600)	(596,000)
21	3.2% Funding Guarantee/Floor Funding	(1,230,670)	(1,230,670)	(805,000)
22	Revenue Support Grant	(309,050)	(309,050)	(335,000)
23	NI Compensation	0	0	(260,000)
24	Recovery Grant	0	0	(195,000)
25	Rural Services Delivery Grant	(656,970)	(656,970)	0
26	Ctax Discount Grant	(51,580)	(51,580)	0
27	Services Grant	(22,520)	(22,520)	0
28	**Total Income from Government Grant and Taxpayers**	**(20,265,850)**	**(20,265,850)**	**(21,117,439)**
29	**(Surplus)/Deficit**	**1,796,455**	**4,428,031**	**600,470**
30	**Contribution To/(From) Earmarked Reserves**	(1,796,455)	(4,428,031)	(600,470)
31	**Net Position**	**0**	**0**	**0**

3.2 The table above shows

- The Original Base Budget in Column B which was approved by Full Council on 21 February 2024. It shows a balanced budget position for 2024/25.
- In Column C the latest updated balanced budget position for 2024/25 as reported to Full Council on 2 December 2024. There are two things to note with this, the latest updated budget.
    - Firstly, there is significant movement between the Directorate budgets when comparing the 2024/25 original and updated figures. This is because the original budget is presented with all of the support services (e.g. finance, HR, IT, legal etc.) recharged to the frontline services, whereas the updated budget figures do not include the support services' recharges. This is a presentational change that will improve budget monitoring as all variances can be seen e.g. if there is an overspend in Finance this will now be seen whereas before it would have been recharged to a frontline service and the overspend would then appear against that frontline service.
    - Secondly, it should be noted that the last budget monitoring report (i.e. as at 30 September 2024) identifies a forecast overspend for 2024/25 of £995k. The s151 Officer has asked Assistant Directors to incur only necessary spending for the remainder of the year to contain the overspend position for the year.
- In Column D the proposed budget for 2025/26 is balanced (line 31).
- Line 6 shows the net cost of running the Council's services i.e. £22.287m. It is the total of Lines 1 to 5. This figure comprises the cost less the fees and charges income earned by the services.
- Line 15 is the total cost of operating as a Council i.e. £21.718m and includes items that are not attributable to any particular service e.g. investment income. It is the total of Lines 6 to 14.
- Line 28 is the total of Lines 16 to 27, and it is the amount of funding from Government Grant and Local Taxpayers i.e. £21.117m.
    - Line 16 is the income that NNDC will collect from taxpayers for the town and parish councils' precepts which is matched at line 7 as NNDC pay this straight over to the town and parish councils.
    - Line 17 is NNDC's Council Tax income to be collected from Council Taxpayers. This includes an assumed increase of 2.99%.
    - Line 19 is NNDC's Business Rate income to be collected from Businesses within the District.
    - Line 20 to 27 are the grants that NNDC will receive from Central Government.
- Line 29, Column D is the deficit that needs to be met from NNDC reserves i.e. £0.601m. It should be noted that some of this deficit and funding from reserves is planned e.g. where it has been approved previously that a grant sum held in reserves is to be used to fund a post for one year.
- Line 30, Column D shows the net amount of reserves, i.e. £0.601m, that is required to balance the budget for 2025/26. This also includes earmarked reserves used to fund one off expenditure within the service. It

should be noted that a summary of the reserves being utilised is contained in paragraph 3.15

3.3 The initial draft budget for 2025-26 produced by officers forecasts a net deficit of £1.8m. Officers were tasked with finding savings and additional income to bridge this gap and balance the budget. The savings and additional income identified are listed in Appendix F and have been included in the proposed budget.

Variances 2024/25 to 2025/26

3.4 The changes in base budget from 2024/25 to 2025/26 are summarised in Table 3 below and significant variances are explained in 3.5 to 3.10.

Table 3: Variance Base Budgets 2024/25 to 2025/26

	2024/25 Base Budget £'m	2025/26 Base Budget £'m	Variance £'m	% Movement £'m
Employees	17.149	17.358	0.209	1.22%
Premises	4.057	4.098	0.041	1.01%
Transport	0.280	0.283	0.003	1.07%
Supplies and Services	14.057	13.001	(1.056)	-7.51%
Transfer Payments	18.715	20.188	1.473	7.87%
Income (External)	(34.198)	(36.089)	(1.891)	5.53%
Total Direct Costs and Income	**20.060**	**18.839**	**(1.221)**	**9.19%**
Notional Charges:				
Capital Charges	3.724	3.724	0.000	0.00%
IAS 19 Notional Charges	(0.268)	(0.277)	(0.009)	3.36%
Total Notional Charges	**3.456**	**3.447**	**(0.009)**	**3.36%**
Total Net Costs	**23.516**	**22.287**	**(1.229)**	**12.55%**

Employees

3.5 The significant variances in employee's costs are summarised in Table 4

Table 4: Employee Cost Variances

£'m	Main Explanation
0.706	Inflation including pay award. This also includes NI changes highlighted below.
1.360	Employee costs funded from various grants within People Services and CTAP.
0.256	Higher Employee costs, partly due to some temporary posts being made permanent.
(0.750)	Savings in Employee Costs, including £523k identified as part of the 2025/26 savings bid exercise.
0.208	Temporary posts funded from earmarked reserves in 2025/26.
(1.579)	Non-recurring items taken out of budget i.e. reserve & grant funded posts in 2024/25.
0.008	Other minor variations.
0.209	**Total Movement**

Pay Inflation

3.6 Currently pay inflation is included at 3% for 2025/26 and then at 2% for the remaining years of the Medium-Term Financial Plan.

Changes to employers National Insurance announced in the budget will see employers' contribution rates increase in rate from 13.8 to 15%. There will also be a decrease in the employer's threshold (the point at which the employer starts to make a contribution) from £9,100 to £5,000. This has resulted in a budget pressure of c.£500k. Central Government have said that it will meet some of this increased cost through a grant payment (calculated to be £260k, which leaves a shortfall of £240k). However, this is a concern as the announcement didn't cover what would happen in future years when there will still be a pressure.

Premises Costs

3.7 Significant variances are highlighted in the following table:

Table 6: Premises Costs Variances

£'m	Main Explanation
0.082	Internal Drainage Board Levy increases
0.050	Increases in utilities costs including Council tax and Business rates
(0.044)	Reduction in costs of Premises Insurances
0.022	Increase in rents the Council pays
(0.028)	Other minor variations
0.082	**Total Movement**

Transport Costs

3.8 There has been inflation and growth on Transport Costs of £18k but this has been offset by a reduction of £14k generated through savings.

Supplies and Services

3.9 There are a number of variances across this wide-ranging category of expenditure the most significant being those highlighted in the following table:

Table 7: Supplies and Services Variances

£'m	Main Explanation
0.350	Inflation increases of £254k for the waste and recycling contracts, £36k for computer software licence and maintenance contracts and £15k Management fees
0.028	The main element of growth relates to the Pier condition survey.
(0.377)	Savings made in budgets, e.g. an adjustment relating to the external audit fee and £167k from the current service savings exercise.
0.209	One-off funding from reserves in 2025/26.
(1.266)	Removal of non-recurring budget items funded from reserves and grants in 2024/25 e.g. Local Plan, environmental strategy projects, UKSPF expenditure and People Services expenditure.
(1.056)	**Total Movement**

Transfer Payments

3.10 The increase in expenditure is predominantly due to the increase in Housing Benefit payments of £1.476m which is in line with the mid-year subsidy estimate for 2024/25. This is offset by an increase in income referenced in paragraph 3.11.

Income

3.11 The significant variances in income between Base 2024/25 and 2025/26 are summarised in the Table 8 below:

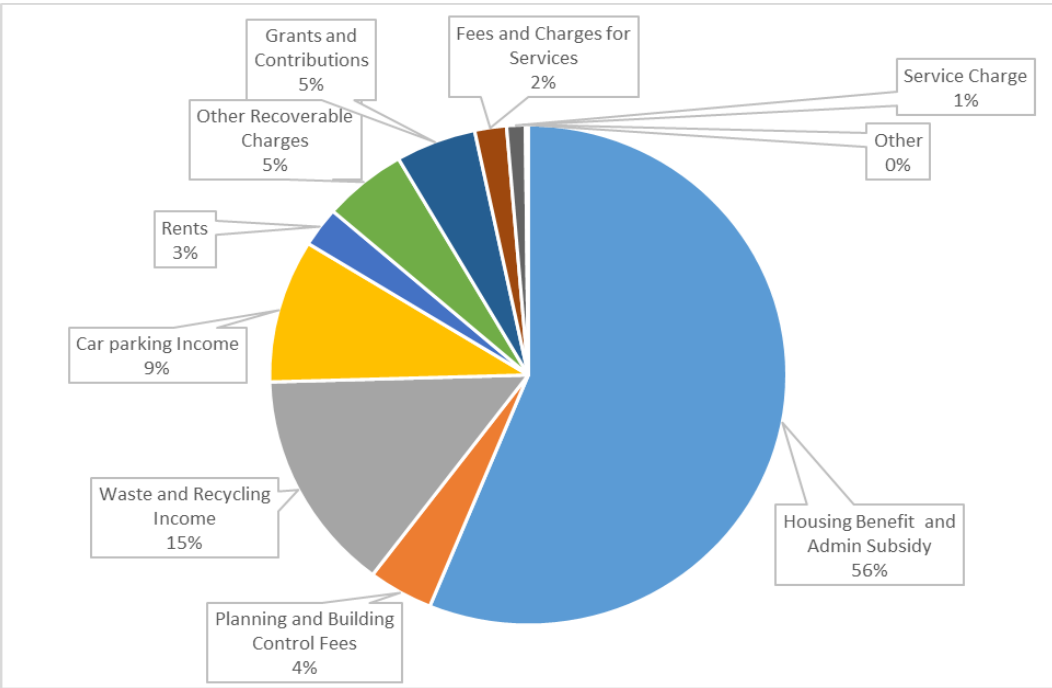
Table 8: Income Variances

£'m	Main Explanation
(1.476)	Increased Housing Benefit Subsidy to cover increase in payments
(1.259)	Grants allocated for one-off expenditure items including CTAP & Communities grants
(0.112)	Inflation Fees and Charges including service charges.
0.191	Reduction in income e.g. from car park extension, employee costs recharged to capital & for Land Charge fee income due to transfer of some functions to the Land Registry.
(1.160)	Projected additional income e.g. car parks and garden bins.
1.691	Non-recurring grants including UKSPF and Communities grants.
0.254	Other minor variations
(1.871)	**Total Movement**

3.12 The increase in Housing Benefit Subsidy offsets the increase in payments within Transfer Payments (see paragraph 3.10).

3.13 The pie chart below shows the make-up of the 2025/26 budgeted income.

Table 9: 2025/26 Budgeted Income



Reserves

3.14 The Council holds a General Fund Reserve which it keeps for unexpected expenditure or for emergencies. The Council's s151 Officer assesses what the minimum level for this reserve should be each year to ensure that the Council has sufficient funds to meet any unexpected expenditure.

3.15 The Council also holds Earmarked Reserves, which have been set up to fund specific expenditure. These reserves are being used to fund some of the costs of services. There are also instances of contributions being made to the reserves and this is where it is known that costs will be incurred in the future and so the contributions are set aside e.g. district council elections are held every 4 years at a cost of about £240k and so each year £60k is put into the Elections Reserve so that there is a balance of £240k to take from the Elections Reserve in the fourth year to cover the cost. A full breakdown of the use of Reserves can be found at Appendix D.

Table 10: Use of Reserves

	Budgeted Movement 2024/25	**Budgeted Movement 2025/26**
	£	**£**
General Fund	(4,043)	(7,992)
Capital Projects	(484,708)	0
Asset Management	(310,033)	0
Benefits	(46,622)	(51,567)
Building Control	(122,542)	(19,874)
Business Rates	(18,000)	(18,000)
Coast Protection	(265,738)	0
Communities	(131,550)	0
Delivery Plan	(1,898,768)	(80,000)
Economic Development & Regeneration	(10,000)	0
Election Reserve	60,000	60,000
Grants	(77,969)	(85,159)
Housing	(356,479)	(56,299)
Land Charges	(89,100)	0
Legal	(36,000)	(4,579)
Major Repairs Reserve	(55,600)	0
Net Zero Initiatives	(22,000)	(300,000)
New Homes Bonus (NHB)	(150,000)	(83,763)
Organisational Development	(26,123)	0
Planning	(37,300)	46,763
Restructuring & Invest to Save	(45,456)	0
Treasury	(300,000)	0
Total (as shown at line 30 in GF Summary Para 3.1)	**(4,428,031)**	**(600,470)**

3.16 As shown in the table above the projected drawdown from reserves over the 2-year period 2024/25 to 2025/26 is £5m. It should be noted that this use of reserves includes the planned use of reserves which have been set aside in previous years to meet the expenditure that is being incurred now.

Funding

3.17 On the funding side, one of the assumptions that has been made is to increase the Council Tax by 2.99% for a Band D property. The tables below show:

- Lines 1-5 of the first table - how the Council Tax income has been calculated.
- Line 7 of the first table - the additional Council Tax income that will be generated by being able to charge a 100% premium on long term empty properties that have been empty for a consecutive period of longer than 12 months instead of 24 months. This has been calculated to generate an additional £70k in 2025/26, then this increases by 2.99% per annum after that.
- The amount of Council Tax income that the annual increase of 2.99% would generate is £0.210m for 2025/26. This is calculated by multiplying the taxbase at Line 1 by the increase in Council Tax at Line 3. This, along with the increases in the following 3 years, is shown in the second table below.
- The third table below shows what the annual increase would be for each Council Tax Band, if a 2.99%, i.e. £5.04, increase for a Band D property is approved. This is for the district element only and does not include any increase that the County Council may approve nor that the Police may approve.

Table 11: Council Tax

Line no.		Council tax				
		2024/25	2025/26	2026/27	2027/28	2028/29
1	Council Tax Base for 24/25 based on central government's assumed increase	41,392.10	42,032.40	42,452.72	42,877.25	42,327.60
2	Band D Council Tax before increase	£163.62	£168.57	£173.61	£178.80	£178.80
3	Maximum increase allowed (2.99% or £5 whichever is higher)	£4.95	£5.04	£5.19	£5.35	£5.35
4	Band D Council Tax after increase (Add Lines 2 and 3)	£168.57	£173.61	£178.80	£184.15	£184.15
5	**Income assuming CT increase (line 1 multiplied by Line 4)**	**£6,977,466**	**£7,297,245**	**£7,590,547**	**£7,895,679**	**£7,794,628**
6	Second homes premium	£0	£0	£0	£0	£0
7	Empty homes income	£68,000	£70,033	£72,127	£74,291	£76,520
8	**Total Council Tax (Add Lines 5, 6 and 7)**	**£7,045,466**	**£7,309,692**	**£7,583,998**	**£7,583,998**	**£7,583,998**

Additional Council Tax generated by the annual increase - Council Tax base (Line1) multiplied by Maximum increase allowed (Line 3)	£204,891	£210,172	£218,046	£218,046	£226,453

Band	A	B	C	D	E	F	G	H
Value of increase across the Bands	£3.36	£3.92	£4.48	£5.04	£6.16	£7.28	£8.40	£10.08

3.18 The forecast income level for the Retained Business Rates comes from the completion of the NNDR1. This is completed during January, with the deadline date for completion being 31 January 2025 and so the final forecast figure is not yet available. There is a forecast of £8.5m included currently and this will be updated as soon as the NNDR1 has been completed.

3.19 The remaining income comprises grants from central government. The provisional Local Government Finance Settlement was announced on 18 December 2024. As covered in the Introduction and Background paragraphs 2.2 and 2.3 there was a significant redistribution of grants. The Council received a zero per cent increase in core spending power. The movement in Government Funding is shown in the table below.

Government Funding	2024/25 Base Budget	2024/25 Updated Budget	2025/26 Base Budget
New Homes bonus	(5,600)	(5,600)	(596,000)
3.2% Funding Guarantee	(1,230,670)	(1,230,670)	0
Floor Funding			(805,000)
Revenue Support Grant	(309,050)	(309,050)	(335,000)
NI Compensation	0	0	(260,000)
Recovery Grant	0	0	(195,000)
Rural Services Delivery Grant	(656,970)	(656,970)	0
Ctax Discount Grant	(51,580)	(51,580)	0
Services Grant	(22,520)	(22,520)	0
Total Grant Funding	**(2,276,390)**	**(2,276,390)**	**(2,191,000)**

3.20 The General Fund Summary has been updated to reflect the provisional funding announced. The final Local Government Finance Settlement will be announced in late January or early February.

4. The Medium-Term Financial Plan

4.1 The Medium-Term Financial Plan (MTFP) has been prepared alongside the budget for 2025/26. Further detailed MTFP income and expenditure can be found as Appendix A.

4.2 The Government's Budget announcement and the provisional local government finance settlement laid out plans for significant local government reform. The Government confirmed that it will start to issue 3-year financial settlements starting in 2026/27. There will also be Business Rates Reform and the implementation of the Fair Funding Review.

4.3 The Government also published its White Paper on English Devolution and since then its plan for reorganization. This will obviously have far reaching consequences with potentially NNDC not existing as it is in 3-4 years' time. It is not possible to plan for such changes at this time.

4.4 Therefore, the MTFP has been prepared assuming no change for the foreseeable future. Assumptions have been made for the years 2026/27 to 2028/29 which are shown below. It should be noted that the further into the future we look the greater the increase in uncertainty is particularly around the funding streams. However, it should be noted that there is currently a deficit in all years after 2025/26.

Table 13: Projected Deficit over the life of the MTFP.

	2024/25 Base Budget	2024/25 Updated Budget	2025/26 Base Budget	2026/27 Projection	2027/28 Projection	2028/29 Projection
	£'m	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
(Surplus)/Deficit	**1.796**	**4.428**	**0.600**	**0.985**	**0.546**	**0.557**
Contribution To/(From) Earmarked Reserves	-1.796	-4.428	-0.600	-0.014	0.014	0.083
Net Position	**0.000**	**0.000**	**0.000**	**0.971**	**0.560**	**0.640**

4.5 Assumptions included are:

- The pay award is assumed to be at 3% for year 2025/26 as the rate of inflation has started to fall significantly.
- Increases in costs have been included for all years where we are contracted to increase costs on an annual basis.
- Increases in fees and charges (included in the Net Cost of Services) have been increased based on prudent assumptions that are in line with the increases that have been assumed for expenditure.
- For the calculation of Council Tax income, a modest increase of around 1% in the tax base has been assumed year on year and then the maximum increase has been applied to the Band D Council Tax each year at 2.99%.
- For the central government funding, the assumptions made are for no increases in funding.

5. Capital Programme

5.1 Capital expenditure is incurred on providing new assets and improving its existing ones. As capital expenditure is incurred, a source of finance must be identified. Capital expenditure can be financed by applying capital receipts (raised by selling assets), grants and other revenue resources or alternatively through borrowing. A summary of the Capital Programme is shown below. The list of schemes that are included in the approved programme can be found at Appendix C and the details of proposed new bids is contained in Appendix E.

Table 14: The Capital Programme and its Funding for 2024/25 to 2029/30

Approved Capital Programme	**Budget 2024/25 £**	**Budget 2025/26 £**	**Budget 2026/27 £**	**Budget 2027/28 £**	**Budget 2028/29 £**	**Budget 2029/30 £**
Our Greener Future	22,451,187	6,296,051	6,697,712	300,000	0	0
Developing Our Communities	6,284,864	8,209,000	0	0	0	0
Meeting Our Housing Needs	4,827,670	1,700,000	1,700,000	1,400,000	1,400,000	1,400,000
Investing In Our Local Economy & Infrastructure	5,637,387	210,000	60,000	0	0	0
A Strong, Responsible & Accountable Council	427,619	162,000	60,000	0	0	0
Total Approved Capital Programme	**39,628,727**	**16,577,051**	**8,517,712**	**1,700,000**	**1,400,000**	**1,400,000**
Financing	**Budget 2024/25 £**	**Budget 2025/26 £**	**Budget 2026/27 £**	**Budget 2027/28 £**	**Budget 2028/29 £**	**Budget 2029/30 £**
Grants	27,630,458	14,373,328	7,147,712	1,000,000	1,000,000	1,000,000
Other Contributions	2,127,014	718,723	300,000	0	0	0
Reserves	2,447,783	0	0	0	0	0
Revenue Contribution to Capital (RCCO)	0	0	0	0	0	0
Capital receipts	3,394,654	712,000	610,000	300,000	0	0
Borrowing	4,028,818	773,000	460,000	400,000	400,000	400,000
Total Financing	**39,628,727**	**16,577,051**	**8,517,712**	**1,700,000**	**1,400,000**	**1,400,000**

Capital Bids		**Budget 2025/26 £**	**Budget 2026/27 £**	**Budget 2027/28 £**	**Budget 2028/29 £**	**Budget 2029/30 £**
Our Greener Future		171,400	342,900	0	0	0
Developing Our Communities		100,000	0	0	0	0
Meeting Our Housing Needs		1,400,000	0	0	0	0
Investing In Our Local Economy & Infrastructure		410,000	0	0	0	0
A Strong, Responsible & Accountable Council		70,000	0	0	0	0
Total of Bids		**2,151,400**	**342,900**	**0**	**0**	**0**
Financing	-	**Budget 2025/26 £**	**Budget 2026/27 £**	**Budget 2027/28 £**	**Budget 2028/29 £**	**Budget 2029/30 £**
Grants		150,000	0	0	0	0
Other Contributions		80,000	0	0	0	0
Reserves		21,400	278,600	0	0	0
Revenue Contribution		20,000	0	0	0	0
Capital Receipts		90,000	0	0	0	0
Internal / External Borrowing		1,790,000	64,300	0	0	0
Total Financing		**2,151,400**	**342,900**	**0**	**0**	**0**

5.2 The proposed funding for the schemes is also shown in Table 14 above. Consideration is given to level of grants we have available, the level of capital receipts we have and what we might generate in future years and for any expenditure financed through borrowing. After these sources of financing have been applied then the balance for any financing required will have to be met through borrowing. Borrowing increases the Council's 'Capital Financing Requirement' (CFR). This will result in a revenue charge (one that impacts on the bottom line of the budget and is a charge to the Council Taxpayer) called the Minimum Revenue Provision (MRP) that is made to reflect the funding of the CFR by the taxpayer. It is required to be set aside each year starting the year after the works are completed and/or the asset comes into use. It is a charge to revenue that covers the repayment of the borrowing needed to finance the capital expenditure. As the need to borrow increases, the CFR and MRP also increase. If the Council has sufficient cash resources to meet the expenditure, it will not be necessary to borrow externally in the short term, and cash balances can be used to cover the expenditure. This is referred to as 'internal borrowing' and attracts an MRP charge in the same way that external borrowing does.

5.3 Any new projects included in the programme in the future will need to be financed by borrowing, which will result in an additional MRP charge if no capital resources such as capital grants or capital receipts are available. Alternatively, existing revenue reserves could be used to finance these projects through a revenue contribution to capital (RCCO) which would avoid the need to make an MRP charge. Both are charges to the General Fund and will be included in the amount to be met from Government grant and local taxpayers.

5.4 In addition to the existing capital programme, approval is also being sought to include the proposed capital projects as outlined within Appendix E. Cabinet should agree on which of these projects should be included for full Council's consideration.

5.5 It should be noted that there is an issue with the stability of the cliff face at Overstrand which will need resolving. A bid for this work has not been included at this time as it not yet certain what remedial action will need to be taken to stabilise the cliff face, nor is it known at this time what this might cost and if there is any external funding that might be available for such a scheme. Officers will prepare proposals for a scheme and bring this forward for Members to consider in due course.

6. Corporate Plan Objectives

6.1 Financial Sustainability and Growth – a balanced budget based on savings that are achievable will ensure the Council's financial sustainability over the medium term.

7. Financial and Resource Implications

7.1 The Council must set a balanced budget for 2025/26 before 11 March 2025. This report presents a balanced budget for 2025/26 which has been achieved by identifying budget savings.

Comments from the S151 Officer:

The Council must set a balanced budget before the start of the forthcoming financial year.

8. Legal Implications

8.1 This report does not raise any new legal implications.

Comments from the Monitoring Officer

The annual budget report needs to be considered with reference and in accordance with the following:

- Consideration of any consultation responses (including the requirements under section 65 Local Government Finance Act 1992 with regard to consultation with bodies/representatives or persons subject to non-domestic rates, being the statutory budget consultation)
- The Council provides both statutory and discretionary services. Where a statutory duty exists to provide a service, there needs to be adequate provision to allow the statutory duty to be exercised so as not to place the Council at risk of failing to discharge a statutory duty. In provision for discretionary services, this should be exercised reasonably, balancing the nature and quality of the service with the cost of provision.
- The Council has a fiduciary duty to the taxpayers in its district
- As with other Council decisions, the budget decisions must have regard to the Council's public sector equality duties and requirement to reduce crime and disorder
- Members must have regard to the section 25 Local Government Act 2003 report of the Council's Chief Finance Officer which comments as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves
- Any failure to set a legal budget may lead to the issue of a s.114 report or other intervention

Section 106 Local Government and Finance Act 1992

Under Section 106 a Member who has not paid an amount due in respect of their Council Tax for at least 2 months after it became payable is precluded from voting on any matters affecting the level of Council Tax or the arrangements for administering the Council Tax. (The Member is, however, entitled to speak.) Any Member affected by Section 106 is required to make a declaration to that effect at the commencement of the meeting or immediately on arrival if this is at a later time.

9. Risks

9.1 This report does raise the risk that a balanced budget may not be set, but the financial sustainability of the Council is already included in the risk register.

10. Net Zero Target

10.1 This report does not raise any issues relating to Climate change.

11. Equality, Diversity & Inclusion

11.1 This report does not raise any new issues relating to equality and diversity.

12. Community Safety issues

12.1 This report does not raise any issues relating to Crime and Disorder considerations.

13. Conclusion and Recommendations

13.1 This report presents a balanced General Fund budget for 2025/26. The assumptions in arriving at this position are laid out in the report.

13.2 It is recommended that Cabinet agree on which of the revenue savings should be included in the budget. If any savings are not taken, then it should be agreed what alternative option should be taken to set a balanced budget that can be recommended to full Council on 19 February 2025.

13.3 It is recommended that if there is any increase in funding when the final Local Government Settlement is announced that this is used in place of the use of reserves.

General Fund Summary 2025/26 Base Budget

Service Area	2024/25 Base Budget	2024-25 Updated Budget	2025/26 Base Budget	2026/27 Projection	2027/28 Projection	2028/29 Projection
	£	£	£	£	£	£
Corporate Leadership/ Executive Support	406,877	3,141,751	3,043,719	3,076,890	3,125,725	3,175,537
Communities	11,530,421	8,827,655	9,099,398	9,230,190	9,299,830	9,382,160
Place and Climate Change	7,121,376	5,420,883	4,520,786	4,464,014	4,510,619	4,588,755
Resources	4,707,480	6,219,659	5,622,995	5,643,606	5,315,895	5,408,018
Savings to be Identified	(250,000)	0	0	0	0	0
Net Cost of Services	**23,516,154**	**23,609,948**	**22,286,898**	**22,414,700**	**22,252,069**	**22,554,470**
Parish Precepts	3,129,190	3,129,190	3,129,194	3,129,194	3,129,194	3,129,194
Capital Charges	(2,962,370)	(2,962,370)	(2,962,374)	(2,962,374)	(2,962,374)	(2,962,374)
Refcus	(761,647)	(761,647)	(761,647)	(761,647)	(761,647)	(761,647)
Interest Receivable	(1,865,162)	(1,865,162)	(1,403,400)	(1,403,400)	(1,403,400)	(1,403,400)
External Interest Paid	40,280	340,280	302,100	302,100	302,100	302,100
Revenue Financing for Capital:	210,000	2,447,782	320,000	0	0	0
Minimum Revenue Provision	487,860	487,860	530,858	530,858	530,858	530,858
IAS 19 Pension Adjustment	268,000	268,000	276,280	276,280	276,280	276,280
Net Operating Expenditure	**22,062,305**	**24,693,881**	**21,717,909**	**21,525,711**	**21,363,080**	**21,665,481**
Collection Fund – Parishes	(3,129,190)	(3,129,190)	(3,129,194)	(3,129,194)	(3,129,194)	(3,129,194)
Collection Fund – District	(7,068,940)	(7,068,940)	(7,297,245)	(7,511,200)	(7,787,529)	(8,079,626)
Collection fund surplus	(108,320)	(108,320)	0	0	0	
Retained Business Rates	(7,683,010)	(7,683,010)	(8,500,000)	(8,500,000)	(8,500,000)	(8,500,000)
New Homes bonus	(5,600)	(5,600)	(596,000)	0	0	0
3.2% Funding Guarantee	(1,230,670)	(1,230,670)	(805,000)	(805,000)	(805,000)	(805,000)
Revenue Support Grant	(309,050)	(309,050)	(335,000)	(335,000)	(335,000)	(335,000)
NI Compensation	0	0	(260,000)	(260,000)	(260,000)	(260,000)
Recovery Grant	0	0	(195,000)	0	0	0
Rural Services Delivery Grant	(656,970)	(656,970)	0	0	0	0
Ctax Discount Grant	(51,580)	(51,580)	0	0	0	0
Services Grant	(22,520)	(22,520)	0	0	0	0
Total Income from Government Grant and Taxpayers	**(20,265,850)**	**(20,265,850)**	**(21,117,439)**	**(20,540,394)**	**(20,816,723)**	**(21,108,820)**
(Surplus)/Deficit	**1,796,455**	**4,428,031**	**600,470**	**985,317**	**546,357**	**556,661**
Contribution To/(From) Earmarked Reserves	(1,796,455)	(4,428,031)	(600,470)	(14,554)	13,685	82,980
Net Position	**0**	**0**	**0**	**970,763**	**560,042**	**639,641**

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Communities Directorate Base Budget 2025/26

Assistant Director Environment & Leisure Services

Service	Base Budget 2024/25 £	Base Budget 2025/26 £	Movement £	Variance Explanation
Ad Environmental & Leisure Svs				
Employee Costs	96,751	99,402	2,651	Employee inflation. £263 Pension adjustments.
Transport Related	1,744	1,744	0	No Variances.
Supplies and Services	100	100	0	No Variances.
	98,595	**101,246**	**2,651**	
Beach Safety				
Premises Costs	2,750	2,750	0	No Variances.
Supplies and Services	367,665	372,283	4,618	£2,650 Cleansing contract inflation. £1,968 Lifeguard contract inflation.
	370,415	**375,033**	**4,618**	
Civil Contingencies				
Employee Costs	86,622	89,173	2,551	Employee inflation.
Transport Related	1,044	944	(100)	Removal of public transport budget.
Supplies and Services	12,390	5,690	(6,700)	Savings bid COM03.
	100,056	**95,807**	**(4,249)**	
Cleansing				
Supplies and Services	1,087,850	1,099,500	11,650	Cleansing contract inflation.
Income	(87,495)	(90,400)	(2,905)	Savings Bid COM01.
	1,000,355	**1,009,100**	**8,745**	
Community Safety				
Employee Costs	8,252	8,886	634	Employee inflation.
Transport Related	500	500	0	No Variances.
Supplies and Services	4,000	5,000	1,000	Higher subscription to Community Safety Partnership.
	12,752	**14,386**	**1,634**	
Corporate Health and Safety				
Employee Costs	83,104	88,339	5,235	£2,320 Employee inflation. £2,560 Professional Indemnity insurance. £355 Pension adjustments.
Capital Financing	600	600	0	No Variances.
Supplies and Services	2,250	2,250	0	No Variances.
Income	(24,000)	(26,500)	(2,500)	Savings Bid COM07.
	61,954	**64,689**	**2,735**	
Environmental Contracts				
Employee Costs	372,679	388,275	15,596	£21,009 Employee inflation. £1,137 Pension adjustments. (£6,300) Savings bid COM012.
Transport Related	12,444	12,444	0	No Variances.
Supplies and Services	1,275	1,275	0	No Variances.
	386,398	**401,994**	**15,596**	
Environmental Protection				
Employee Costs	561,185	573,467	12,282	£13,965 Employee inflation. £917 Pension adjustments. (£2,600) Savings bid COM12.
Transport Related	20,396	21,096	700	Vehicle running costs.
Supplies and Services	73,650	58,450	(15,200)	(£8,000) Savings identified in-year. (£7,500) Savings bid COM03. £300 Subsistence.
Capital Financing	37,620	37,620	0	No Variances.
Income	(13,000)	(14,500)	(1,500)	Additional fee income relating to Houses in Multiple Occupation.
	679,851	**676,133**	**(3,718)**	

Communities Directorate Base Budget 2025/26

Assistant Director Environment & Leisure Services

	Base Budget 2024/25	Base Budget 2025/26	Movement	Variance Explanation
Service	**£**	**£**	**£**	
Foreshore				
Employee Costs	32,288	20,129	(12,159)	£2,425 Employee inflation. (£13,455) Savings Bid COM13. (£1,129) Pension adjustments.
Premises Costs	48,936	45,435	(3,501)	Lower insurance premiums.
Transport Related	700	700	0	No Variances.
Supplies and Services	5,300	2,300	(3,000)	Savings bid COM04.
	87,224	**68,564**	**(18,660)**	
Internal Drainage Board Levies				
Premises Costs	502,085	584,048	81,963	Increase in Drainage Board Levy.
Income	(35,265)	0	35,265	One-off grant income.
	466,820	**584,048**	**117,228**	
Leisure				
Employee Costs	168,176	179,456	11,280	£10,461 Employee inflation. £819 Pension adjustments.
Transport Related	5,332	5,332	0	No Variances.
Supplies and Services	27,550	27,550	0	No Variances.
	201,058	**212,338**	**11,280**	
Leisure Complexes				
Premises Costs	145,711	141,923	(3,788)	(£11,820) Lower insurance premiums. £16,832 Higher Business Rates. £200 Higher Grounds maintenance costs. (£9,000) Savings Bid - lower R&M costs.
Supplies and Services	0	5,510	5,510	Engineering insurance costs.
Capital Financing	587,211	587,211	0	No Variances.
Income	(85,398)	(140,256)	(54,858)	Higher profit share.
	647,524	**594,388**	**(53,136)**	
Markets				
Employee Costs	6,084	5,458	(626)	£840 Employee inflation. (£1,495) Savings Bid COM13. £29 Pension adjustments.
Premises Costs	35,248	22,130	(13,118)	(£10,000) Lower rental costs to Car Parks. (£3,118) Lower Business Rates.
Supplies and Services	4,100	4,150	50	Inflation on Cleansing contract.
Income	(40,000)	(40,000)	0	No Variances.
	5,432	**(8,262)**	**(13,694)**	
Other Sports				
Premises Costs	12,510	11,110	(1,400)	Lower insurance premium.
Supplies and Services	41,200	32,800	(8,400)	Savings bid COM04.
Income	(8,000)	(8,700)	(700)	Savings bid COM04.
	45,710	**35,210**	**(10,500)**	
Parks & Open Spaces				
Premises Costs	280,468	274,029	(6,439)	£2,700 Inflation on Grounds Maintenance contract. (£2,100) Lower rental costs. £4,129 Inflation on utility costs.(£920) Lower insurance costs. (£10,248) Savings bid COM04.
Supplies and Services	65,200	66,000	800	Inflation on Cleansing contract.
Capital Financing	1,368	1,368	0	No Variances.
Income	(8,500)	(8,250)	250	Lower rental income.
	338,536	**333,147**	**(5,389)**	
Pier Pavilion				
Premises Costs	3,000	3,000	0	No Variances.
Capital Financing	20,286	20,286	0	No Variances.
Income	(10,000)	(10,000)	0	No Variances.
	13,286	**13,286**	**0**	

Communities Directorate Base Budget 2025/26

Assistant Director Environment & Leisure Services

Service	Base Budget 2024/25 £	Base Budget 2025/26 £	Movement £	Variance Explanation
Public Protection				
Employee Costs	657,946	621,636	(36,310)	(£10,503) Employee inflation and savings. (£22,206) Savings bid COM05. (£3,601) Pension adjustments.
Transport Related	16,828	14,938	(1,890)	Reduction in Lump Sum payments.
Supplies and Services	90,680	63,930	(26,750)	Savings bids identified in 2024/25 - Private Water Sampling and Computer maintenance costs.
Income	(253,000)	(247,000)	6,000	Reduced fee income from Pre-App advice and Private Water Sampling.
	512,454	**453,504**	**(58,950)**	
Recreation Grounds				
Premises Costs	7,100	7,200	100	Grounds Maintenance contract inflation.
Supplies and Services	7,200	7,300	100	Cleansing contract inflation.
Capital Financing	6,046	6,046	0	No Variances.
Income	(1,000)	(1,000)	0	No Variances.
	19,346	**19,546**	**200**	
Street Signage				
Supplies and Services	10,000	10,000	0	No Variances.
	10,000	**10,000**	**0**	
Travellers				
Premises Costs	8,448	6,911	(1,537)	(£2,000) Lower R&M costs offset by higher utilities and grounds maintenance.
Supplies and Services	53,600	57,700	4,100	£3,500 Higher Lease rentals. £500 Equipment rental. £100 Cleansing contract inflation.
Capital Financing	6,104	6,104	0	No Variances.
Income	(2,000)	(1,000)	1,000	Lower facility charges.
	66,152	**69,715**	**3,563**	
Waste Collection And Disposal				
Supplies and Services	5,826,469	6,112,401	285,932	£72,600 Cleansing contract inflation. £165,000 Higher recycling processing costs. (£2,030) Lower commercial waste disposal rate. £56,362 Additional waste costs associated with savings bid COM02 (contractor costs) .
Capital Financing	764,192	764,192	0	No Variances.
Income	(4,824,575)	(4,981,482)	(156,907)	(£20,736) Additional recycling credit income. (£136,171) Savings bid COM02 - garden bin fee income and additional recycling credits.
	1,766,086	**1,895,111**	**129,025**	

Communities Directorate Base Budget 2025/26

Assistant Director Environment & Leisure Services

	Base Budget 2024/25	Base Budget 2025/26	Movement	Variance Explanation
Service	**£**	**£**	**£**	
Woodlands Management				
Employee Costs	175,820	194,722	18,902	£17,646 Employee inflation. £1,256 Pension adjustments.
Premises Costs	52,962	52,634	(328)	Lower R&M costs.
Transport Related	21,182	25,076	3,894	£2,894 Vehicle lease payments. £1,000 Higher diesel costs.
Supplies and Services	12,450	11,450	(1,000)	Lower costs for purchase resales.
Capital Financing	5,449	5,449	0	No Variances.
Income	(56,460)	(69,960)	(13,500)	(£15,000) Savings bids COM04 and COM11. £1,500 Reduced grant income.
	211,403	**219,371**	**7,968**	
Total Environment and Leisure	**7,101,407**	**7,238,354**	**136,947**	

Communities Directorate Base Budget 2025/26

Assistant Director People Services

Service	Base Budget 2024/25	Base Budget 2025/26	Movement	Variance Explanation
	£	£	£	
Ad People Services				
Employee Costs	92,363	77,607	(14,756)	Savings bid COM09. (£1,045) Pension adjustments.
Transport Related	1,194	1,194	0	No Variances.
Supplies and Services	100	100	0	No Variances.
	93,657	**78,901**	**(14,756)**	
Benefits Administration				
Employee Costs	1,126,376	1,162,567	36,191	£46,182 Employee inflation. £64,033 Grant and Reserve funded posts. (£80,431) Savings bid COM09. £6,407 Pension adjustments.
Transport Related	944	2,832	1,888	Higher lump sum costs.
Supplies and Services	67,100	56,350	(10,750)	(£11,000) Savings bid COM08. £250 Higher subscriptions costs.
Capital Financing	31,700	31,700	0	No Variances.
Income	(413,215)	(272,366)	140,849	Reduced Admin grant.
	812,905	**981,083**	**168,178**	
Community				
Employee Costs	672,285	959,971	287,686	£25,488 Employee inflation. £267,982 Grant and Reserve funded posts. £21,081 Pension adjustments. (£26,865) Savings bid COM09.
Transport Related	11,032	15,713	4,681	Lump sum travelling costs.
Supplies and Services	294,106	124,555	(169,551)	Non-recurring items to offset fixed term contract costs in People Services.
Income	(389,999)	(233,512)	156,487	(£50,000) - Savings bid COM10. (£40,000) Contribution from Primary Care Network. £246,487 Non-recurring items (as above).
Internal Income (Capital Salaries)	(202,500)	(281,360)	(78,860)	Higher costs towards capital salaries.
	384,924	**585,367**	**200,443**	
Homelessness				
Premises Costs	132,652	129,928	(2,724)	£1,000 Higher insurance premiums. (£3,724) Savings Bid COM07.
Supplies and Services	1,149,485	949,658	(199,827)	Non-recurring items to offset fixed term contract costs in People Services.
Capital Financing	83,963	83,963	0	No Variances.
Income	(1,580,000)	(1,747,767)	(167,767)	Additional grant income.
	(213,900)	**(584,218)**	**(370,318)**	
Housing Options				
Employee Costs	780,481	790,767	10,286	(£900) Savings bid COM07. (£8,158) Employee inflation. £606 Pension adjustments. £18,738 Non-recurring items to offset fixed term contracts in People Services.
Transport Related	6,000	5,000	(1,000)	Savings bid COM07.
Supplies and Services	5,179	4,144	(1,035)	Savings bid COM07.
	791,660	**799,911**	**8,251**	
Total People Services	**1,869,246**	**1,861,044**	**(8,202)**	
Total Communities	**8,970,653**	**9,099,398**	**128,745**	

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Corporate Directorate Base Budget 2025/26

	Base Budget 2024/25 £	Base Budget 2025/26 £	Movement £	Explanation
Communications				
Employee Costs	225,773	236,355	10,582	£9,812 Employee inflation.
Transport Related	2,238	2,238	0	No variances.
Supplies and Services	52,536	52,680	144	No major variances.
Capital Financing	55,954	55,954	0	No variances.
	336,501	**347,227**	**10,726**	
Corporate Delivery Unit				
Employee Costs	204,309	169,574	(34,735)	£21,309 Employee inflation. (£53,512) Savings bid CORP04. (£2,532) Pension adjustment.
Transport Related	600	600	0	No variances.
Supplies and Services	2,840	2,840	0	No variances.
	207,749	**173,014**	**(34,735)**	
Corporate Leadership Team				
Employee Costs	800,213	807,766	7,553	£17,539 Employee inflation. £4,862 Fixed term contract. (£13,045) Internal transfer. (£1,803) Pension adjustment.
Transport Related	10,575	10,575	0	No variances.
Supplies and Services	14,070	14,070	0	No variances.
	824,858	**832,411**	**7,553**	
Customer Services - Corporate				
Employee Costs	904,778	934,118	29,340	£57,132 Employee Inflation. £1,252 Pension adjustment. (£29,044) Complete fixed term contracts.
Transport Related	4,000	4,000	0	No variances.
Supplies and Services	59,032	62,332	3,300	£4,800 Subscription inflation. (£1,500) Internal transfer.
Capital Financing	54,056	54,056	0	No variances.
Income	(17,250)	(17,250)	0	No variances.
	1,004,616	**1,037,256**	**32,640**	
Human Resources & Payroll				
Employee Costs	417,616	360,555	(57,061)	£2,090 Employee inflation. (£51,781) Savings bid CORP01. (£7,370) Pension adjustment.
Transport Related	500	500	0	No variances.
Supplies and Services	34,760	26,900	(7,860)	Software saving.
Income	(1,000)	(1,000)	0	No variances.
	451,876	**386,955**	**(64,921)**	
Registration Services				
Employee Costs	152,858	159,956	7,098	£6,602 Employee inflation.
Premises Costs	2,600	2,600	0	No variances.
Transport Related	400	400	0	No variances.
Supplies and Services	60,929	62,425	1,496	Printing & postage inflation.
Income	(1,500)	(1,500)	0	No variances.
	215,287	**223,881**	**8,594**	
Reprographics				
Employee Costs	4,328	709	(3,619)	£3,603 Pension adjustment.
Transport Related	250	250	0	No variances.
Supplies and Services	35,290	35,290	0	No variances.
Income	(4,000)	(4,000)	0	No variances.
	35,868	**32,249**	**(3,619)**	
Tourist Information Centre				
Employee Costs	76,029	0	(76,029)	(£70,406) Savings bid CORP06. (£5,623) Pension adjustment.
Premises Costs	41,367	17,745	(23,622)	(£24,272) Savings bid CORP06.
Transport Related	85	0	(85)	Savings bid CORP06.
Supplies and Services	18,370	330	(18,040)	(£18,370) Savings bid CORP06.
Capital Financing	2,651	2,651	0	No variances.
Income	(30,170)	(10,000)	20,170	Savings bid CORP06.
	108,332	**10,726**	**(97,606)**	
Total Corporate	**3,185,087**	**3,043,719**	**(141,368)**	

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Place And Climate Change Base Budget 2025/26
Assistant Director - Planning

Service	Base Budget 2024/25 £	Base Budget 2025/26 £	Movement £	Variance Explanation
AD Planning				
Employee Costs	129,430	127,004	(2,426)	£4,200 Employee inflation. (£6,230) Internal transfer.
Transport Related	1,325	1,325	0	No variance.
Income	0	(10,000)	(10,000)	Savings bid PL12.
	130,755	**118,329**	**(12,426)**	
Building Control				
Employee Costs	534,796	547,287	12,491	£20,851 Employee inflation. £6,230 Internal transfer. (£2,450) Saving bid PL01. (£12,806) Non recurring employee costs.
Transport Related	22,563	18,764	(3,799)	Savings bid PL01.
Supplies and Services	15,940	14,270	(1,670)	Savings bid PL01.
Income	(487,500)	(517,642)	(30,142)	Savings bid PL02.
	85,799	**62,679**	**(23,120)**	
Conservation, Design & Landscape				
Employee Costs	429,634	344,405	(85,229)	£14,094 Employee inflation. (£94,932) Non recurring employee costs. (£6,278) Pension adjustment.
Transport Related	9,796	7,909	(1,887)	No major variances.
Supplies and Services	14,250	31,350	17,100	£16,000 Internal transfer. £2,000 Contribution inflation.
	453,680	**383,664**	**(70,016)**	
Development Management				
Employee Costs	1,504,791	1,428,532	(76,259)	£74,032 Employee inflation. (£87,951) Savings bid PL03. (£61,453) Non recurring employee costs.
Transport Related	28,124	26,824	(1,300)	Savings bid PL01.
Supplies and Services	56,950	57,750	800	£6,725 Subscription inflation. (£5,925) Savings bid PL01.
Capital Financing	76,501	76,501	0	No variance.
Income	(900,000)	(1,077,500)	(177,500)	(£75,000) Savings bid PL11. (£102,500) Savings identified in 24/25.
	766,366	**512,107**	**(254,259)**	
Planning Enforcement Team				
Employee Costs	226,762	202,310	(24,452)	£13,933 Employee inflation. (£26,519) Non recurring employee costs. (£11,000) Savings bid PL03.
Transport Related	8,650	7,275	(1,375)	No major variances.
Supplies and Services	4,650	4,650	0	No variance.
	240,062	**214,235**	**(25,827)**	
Planning Policy				
Employee Costs	415,825	397,744	(18,081)	£15,166 Employee inflation. (£18,500) Savings bids PL01/PL03. (£7,500) Savings identified in 24/25. (£4,745) Pension adjustment. (£2,500) Non recurring employee costs.
Transport Related	7,106	7,108	2	No major variances.
Supplies and Services	201,350	117,200	(84,150)	(£63,000) Non recurring local plan fees. (£16,000) Internal transfer. (£5,150) Savings bid PL01.
	624,281	**522,052**	**(102,229)**	

Place And Climate Change Base Budget 2025/26
Assistant Director - Planning

Service	Base Budget 2024/25 £	Base Budget 2025/26 £	Movement £	Variance Explanation
Property Information				
Employee Costs	122,915	131,690	8,775	£8,460 Employee inflation.
Transport Related	100	100	0	No variance.
Supplies and Services	131,210	97,790	(33,420)	(£25,000) Internal transfer (£10,000) Reduced search fees.
Income	(235,950)	(178,450)	57,500	£25,000 Internal transfer £32,500 Reduced income.
	18,275	**51,130**	**32,855**	
Total Planning	**2,319,218**	**1,864,196**	**(455,022)**	

Place And Climate Change Base Budget 2025/26

Assistant Director - Sustainable Growth

Service	Base Budget 2024/25 £	Base Budget 2025/26 £	Movement £	Variance Explanation
Ad Sustainable Growth				
Employee Costs	92,427	94,934	2,507	£2,277 Employee inflation.
Transport Related	1,944	1,944	0	No variance.
Supplies and Services	200	200	0	No variance.
	94,571	**97,078**	**2,507**	
Business Growth Staffing				
Employee Costs	290,110	243,910	(46,200)	£12,961 Employee inflation. (£57,000) Saving bids PL09/PL14.
Transport Related	5,456	5,376	(80)	No major variances.
Supplies and Services	100	100	0	No variance.
Capital Salaries	(3,453)	0	3,453	Non recurring employee costs.
	292,213	**249,386**	**(42,827)**	
Coast Protection				
Employee Costs	282,058	356,548	74,490	£68,760 Externally funded posts. £5,730 Pension adjustment.
Premises Costs	156,000	156,038	38	No major variances.
Transport Related	3,194	944	(2,250)	Non recurring costs.
Supplies and Services	85,450	64,950	(20,500)	(£20,000) Saving bid PL04.
Capital Financing	503,880	503,880	0	No variance.
Capital Salaries	0	(331,748)	(331,748)	External funding.
	1,030,582	**750,612**	**(279,970)**	
Coastal Management				
Employee Costs	367,437	346,510	(20,927)	£25,172 Externally funded posts. £10,540 Employee inflation. (£51,000) Complete capital salaries. (£3,000) Savings bid PL05.
Transport Related	9,719	11,163	1,444	No major variances.
Supplies and Services	4,620	2,620	(2,000)	Savings bid PL06.
Income	(45,000)	(69,057)	(24,057)	Externally funded posts.
Capital Salaries	(51,000)	0	51,000	Complete capital salaries.
	285,776	**291,236**	**5,460**	
Economic Growth				
Employee Costs	2,000	700	(1,300)	No major variances.
Premises Costs	6,490	5,180	(1,310)	No major variances.
Supplies and Services	658,500	49,500	(609,000)	(£597,500) Reduced grant expenditure. (£8,300) Savings bid PL09. (£4,500) Savings identified in 24/25.
Capital Financing	47,792	47,792	0	No variance.
Income	(597,500)	0	597,500	Reduced grant income.
	117,282	**103,172**	**(14,110)**	
Environmental Strategy				
Employee Costs	204,714	169,823	(34,891)	£8,081 Employee inflation. £3,014 Externally funded post. (£44,135) Non recurring employee costs.
Transport Related	2,090	1,146	(944)	No major variances.
Supplies and Services	101,050	71,050	(30,000)	Non recurring expenditure.
Income	(10,000)	(42,391)	(32,391)	Externally funded posts.
	297,854	**199,628**	**(98,226)**	
Housing Strategy				
Employee Costs	135,546	135,187	(359)	No major variances.
Transport Related	1,644	1,644	0	No variance.
Supplies and Services	21,000	11,000	(10,000)	Savings bid PL10.
Capital Financing	761,647	761,647	0	No variance.
	919,837	**909,478**	**(10,359)**	

Place And Climate Change Base Budget 2025/26

Assistant Director - Sustainable Growth

Service	Base Budget 2024/25 £	Base Budget 2025/26 £	Movement £	Variance Explanation
Tourism				
Supplies and Services	68,050	56,000	(12,050)	Savings bids PL08/PL09.
	68,050	**56,000**	**(12,050)**	
Total Economic Growth	**3,106,165**	**2,656,590**	**(449,575)**	
Total Place and Climate Change	**5,425,383**	**4,520,786**	**(904,597)**	

Resources Base Budget 2025/26

Assistant Director Finance Assets and Revenues

Service	Base Budget 2024/25 £	Base Budget 2025/26 £	Movement £	Variance Explanation
Ad Finance, Assets and Revenues				
Employee Costs	81,418	94,103	12,685	£4,681 Inflation, £7,894 Growth related to training, Golden Hello payment and Deputy S151 supplement.
Transport Related	1,219	1,219	0	No variances.
Supplies and Services	110	160	50	Subsistence inflation.
	82,747	**95,482**	**12,735**	
Admin Buildings				
Premises Costs	530,115	559,572	29,457	£26,235 Utilities, £3,903 Business Rates, £2,219 Contract & Window Cleaning, £4,500 Tree works/maintenance, and (£7,630) Reduction in insurance premiums.
Supplies and Services	29,315	35,764	6,449	£8,763 Telephone Rental & Maintenance. Transfers of budget £3,534 Engineering insurance from Property Services. (£5,000) Savings bid RES06.
Transfer Payments	154,957	149,849	(5,108)	Reduction in Internal Service Charges (NNDC share of running costs for Fakenham, Cromer and North Walsham).
Capital Financing	30,487	30,487	0	No variances.
Income	(452,007)	(467,356)	(15,349)	See **Note A** Below:
	292,867	**308,316**	**15,449**	

Note A: (£14,270) Recharge increase to tenants for Electricity, Gas, Water and Insurance. £2,500 Reduction of rental income. Saving bid offered (£8,679) RES06. Transfers of budget £5,108 Reduction in Internal Service Charges (NNDC share of running costs for Fakenham, Cromer and North Walsham).

Service	Base Budget 2024/25 £	Base Budget 2025/26 £	Movement £	Variance Explanation
Amenity Lighting				
Premises Costs	61,221	43,221	(18,000)	(£8,000) Savings bid RES07. (£10,000) Other savings.
	61,221	**43,221**	**(18,000)**	
Benefits Subsidy				
Transfer Payments	18,544,784	20,021,089	1,476,305	Based on mid year estimate of expenditure - subsidy based on 100% including recoverable overpayments.
Income	(18,544,784)	(20,021,089)	(1,476,305)	Based on mid year estimate of expenditure - subsidy based on 100% including recoverable overpayments.
	0	**0**	**0**	
Car Parking				
Premises Costs	759,706	771,170	11,464	£5,000 R&M Plant Service Contract, £9,425 Business Rates, £4,729 Electricity, £1,500 tree works/maintenance. (£10,000) Savings bid RES07.
Supplies and Services	350,925	362,425	11,500	£10,600 Management Fee inflation.
Capital Financing	55,829	55,829	0	No variances.
Income	(3,156,799)	(3,851,874)	(695,075)	See **Note A** Below:
Internal Income	(20,000)	(10,000)	10,000	Market income transfer reduced to match charge agreed.
	(2,010,339)	**(2,672,450)**	**(662,111)**	

Note A: Growth £79,000 prior year saving (Meadow Road expansion) not achievable as capital funds not available. (£20,000) Additional income in relation to Revenue Contribution to Capital Outturn (Weybourne). (£733,000) Savings bids CORP02/CORP03 . Transfer of budget (£21,075) from Other Lettings to increase rental income.

Service	Base Budget 2024/25 £	Base Budget 2025/26 £	Movement £	Variance Explanation
Central Costs				
Employee Costs	35,500	35,500	0	No variances.
Supplies and Services	15,500	15,500	0	No variances.
	51,000	**51,000**	**0**	

Service	Base Budget 2024/25 £	Base Budget 2025/26 £	Movement £	Variance Explanation
Chalets/Beach Huts				
Premises Costs	35,758	37,158	1,400	Increase in utility costs.
Supplies and Services	18,700	20,200	1,500	Other professional fees and Marketing increases.
Capital Financing	4,530	4,530	0	No variances.
Income	(323,570)	(332,000)	(8,430)	£8,570 Removal of recharge for Insurance. (£17,000) Rental Income.
	(264,582)	**(270,112)**	**(5,530)**	
Community Centres				
Premises Costs	12,670	11,280	(1,390)	Premises insurance decrease.
Capital Financing	1,460	1,460	0	No variances.
	14,130	**12,740**	**(1,390)**	
Corporate & Democratic Core				
Employee Costs	0	437	437	Reception cover for full council.
Transport Related	100	100	0	No variances.
Supplies and Services	635,035	491,415	(143,620)	(£150,000) Saving Audit Fees. £6,380 Consultancy and Bank Charges.
	635,135	**491,952**	**(143,183)**	
Corporate Finance				
Employee Costs	552,808	581,559	28,751	£33,339 Employee Inflation. (£3,991) Superannuation saving.
Transport Related	1,044	1,044	0	No variances.
Supplies and Services	28,423	32,008	3,585	Budget Transfer £2,261 in relation to Subscriptions from Property Services. Other minor inflation.
Capital Financing	13,631	13,631	0	No variances.
	595,906	**628,242**	**32,336**	
Cromer Pier				
Premises Costs	172,000	155,590	(16,410)	(£6,410) Premises Insurance decrease and (£10,000) Savings bid RES07.
Supplies and Services	4,000	21,000	17,000	Growth in relation to Condition Surveys.
Capital Financing	72,849	72,849	0	No variances.
	248,849	**249,439**	**590**	
Estates				
Employee Costs	244,102	250,040	5,938	£9,190 Employee Inflation. (£3,252) Pension adjustments.
Premises Costs	6,660	5,840	(820)	Premises insurance.
Transport Related	4,000	4,000	0	No variances.
Supplies and Services	26,000	25,600	(400)	Savings bid RES06.
Income	0	(2,780)	(2,780)	Shared Equity Insurance recharges to tenants.
Capital Salaries	(11,714)	(1,800)	9,914	Reduction in Employee costs charged to Capital Projects.
	269,048	**280,900**	**11,852**	
Industrial Estates				
Premises Costs	29,126	34,519	5,393	£3,630 Premises Insurance increase. £1,500 tree works/maintenance.
Supplies and Services	0	0	0	No variances.
Capital Financing	24,189	24,189	0	No variances.
Income	(218,006)	(236,353)	(18,347)	(£7,500) Rental income, (£3,352) Increased recharges to tenants for insurance and (£7,445) Savings bid RES06.
	(164,691)	**(177,645)**	**(12,954)**	

Service	Base Budget 2024/25 £	Base Budget 2025/26 £	Movement £	Variance Explanation
Insurance & Risk Management				
Employee Costs	50,350	58,150	7,800	£5,880 Employers Liability and £1,550 Fidelity Guarantee increased costs.
Premises Costs	310	0	(310)	Removal of Premises Insurance - Consequential Loss
Transport Related	9,210	11,670	2,460	Vehicle Insurance increase.
Supplies and Services	143,070	154,010	10,940	£13,680 Public Liability increase, (£2,070) All Risks Insurance decrease.
	202,940	**223,830**	**20,890**	
Internal Audit				
Supplies and Services	88,200	90,846	2,646	Audit Fee increase.
	88,200	**90,846**	**2,646**	
Investment Properties				
Premises Costs	211,321	216,396	5,075	See **Note A** Below:
Supplies and Services	2,219	2,079	(140)	Budget Transfers in relation to: (£700) to Premises costs and £464 Engineering insurance from Property Services. Minor inflation.
Capital Financing	111,696	111,696	0	No variances.
Income	(289,799)	(221,927)	67,872	See **Note B** Below:
	35,437	**108,244**	**72,807**	

Note A: £10,153 Electricity, £1,500 tree works/maintenance, Premises Insurance (£9,780) decrease, Other minor inflation £2,708 and (£206) Savings bid RES06 . Budget Transfer of £700 from Supplies and Services.

Note B: Transfer of budget £21,075 to Car Parking rental income (in-line with where actuals are being posted). £32,528 Service Charge Income reduced for Rocket House (25/26 only) due to repair works. £8,663 Permanent Growth in relation to Rental Income. (£2,133) Increase in Internal Service Charges (NNDC share of running costs for Public Conveniences). £9,290 Decreased insurance charges to tenants and (£1,551) increased service charge income.

Service	Base Budget 2024/25 £	Base Budget 2025/26 £	Movement £	Variance Explanation
Non Distributed Costs				
Employee Costs	268,000	276,280	8,280	3% increase.
IAS 19 Adjustment	(268,000)	(276,280)	(8,280)	Pension adjustment.
	0	**0**	**0**	
Playgrounds				
Premises Costs	29,660	31,450	1,790	£1,500 tree works/maintenance. Minor inflation in relation to Grounds Maintenance and Premises Insurance.
Supplies and Services	63,500	63,237	(263)	Savings bid RES08.
	93,160	**94,687**	**1,527**	
Poppyfields				
Premises Costs	3,425	3,425	0	No variances.
Supplies and Services	20,100	20,100	0	No variances.
	23,525	**23,525**	**0**	
Property Services				
Employee Costs	638,005	597,381	(40,624)	See **Note A** Below:
Premises Costs	1,820	2,040	220	Insurance Inflation.
Transport Related	28,342	29,850	1,508	(£4,434) Permanent savings identified in 2024/25. £5,942 Car Lease payment.
Supplies and Services	34,131	20,261	(13,870)	(£8,840) Engineering Insurance transferred to various budgets. (£2,261) Subscription budget transferred to Accountancy. (£3,000) Savings bid RES08.
Capital Financing	16,354	16,354	0	No variances.
	718,652	**665,886**	**(52,766)**	

Note A: (£49,762) Permanent savings identified in 2024/25. (£4,532) Savings standby payments. (£8,600) Savings bid RES08. £25,542 Employee Inflation. (£3,272) Pension adjustment.

Service	Base Budget 2024/25 £	Base Budget 2025/26 £	Movement £	Variance Explanation
Public Conveniences				
Premises Costs	759,501	757,590	(1,911)	See **Note A** Below:
Supplies and Services	41,000	41,100	100	Cleansing Contract Inflation.
Transfer Payments	15,091	17,224	2,133	Increase in Internal Service Charges to Rocket House toilets.
Capital Financing	139,989	139,989	0	No variances.
Income	(8,000)	0	8,000	One off additional income for 24/25 removed for future years.
	947,581	**955,903**	**8,322**	

Note A: £34,080 Rent/Hire of Buildings (Weybourne toilets), £12,340 Electricity, £5,715 Contract Cleaning, (£4,770) reduction in Insurance Premiums. (£50,000) Savings bids RES07/RES13.

Service	Base Budget 2024/25 £	Base Budget 2025/26 £	Movement £	Variance Explanation
Revenue Services				
Employee Costs	946,779	1,014,776	67,997	See **Note A** Below:
Transport Related	900	1,844	944	Lump sum travelling allowance.
Supplies and Services	176,573	183,173	6,600	Inflation in relation to: £4,500 Postage Direct Costs and £2,000 Annual Billing.
Income	(454,130)	(454,130)	0	No variances.
	670,122	**745,663**	**75,541**	

Note A: £60,961 Employee Inflation. £40,007 Permanent Growth as a result of Empty Homes & Revenue Generation Officer post being made permanent in 24/25. (£35,980) Net movement of posts funded by reserves. £3,009 Pension adjustment.

Service	Base Budget 2024/25 £	Base Budget 2025/26 £	Movement £	Variance Explanation
Surveyors Allotments				
Premises Costs	5,000	6,500	1,500	Growth in relation to tree works/maintenance.
Income	(50)	(50)	0	No variances.
	4,950	**6,450**	**1,500**	
Total Finance, Assets and Revenues	**2,595,858**	**1,956,119**	**(639,739)**	

Resources Base Budget 2025/26

Assistant Director Legal and Governance

Service	Base Budget 2024/25 £	Base Budget 2025/26 £	Movement £	Variance Explanation
Ad Legal and Governance				
Employee Costs	102,287	104,960	2,673	Employee Inflation. £251 Pension adjustment.
Transport Related	2,194	2,194	0	No variances.
Supplies and Services	800	800	0	No variances.
	105,281	**107,954**	**2,673**	
It - Support Services				
Employee Costs	1,122,986	1,100,848	(22,138)	See **Note A** Below:
Transport Related	800	800	0	No variances.
Supplies and Services	1,039,761	1,018,634	(21,127)	See **Note B** Below:
Capital Financing	206,587	206,587	0	No variances.
	2,370,134	**2,326,869**	**(43,265)**	

Note A: £37,174 Employee Inflation. (£18,263) Net movement of posts funded by reserves. (£7,722) Reduction of costs in relation to Fixed Term Contracts. (£2,265) Pension adjustments. (£35,062) Savings bids RES03/RES04. Transfer of budget £4,000 from Supplies and Services.

Note B: £34,933 Software. Transfer of budget (£4,000) to Employee Costs. £2,500 Growth in relation to unachievable saving in 24/25 due to statutory requirements. (£55,200) Savings bids RES05/RES10/RES12.

Service	Base Budget 2024/25 £	Base Budget 2025/26 £	Movement £	Variance Explanation
Legal Services				
Employee Costs	470,954	565,582	94,628	£24,711 Employee Inflation. £1,986 Supplements payable. £56,460 One off Growth for fixed term Local Government Lawyer. £4,579 Fixed Term post funded by reserves. £6,892 Pension adjustment.
Transport Related	3,588	3,588	0	No variances.
Supplies and Services	79,810	79,810	0	No variances.
Income	(50,000)	(55,000)	(5,000)	Savings bid RES01.
	504,352	**593,980**	**89,628**	
Members Services				
Employee Costs	191,420	223,125	31,705	£33,527 Employee Inflation. (£2,500) Savings bid RES02. £678 Pension adjustment.
Transport Related	7,981	7,981	0	No variances.
Supplies and Services	409,805	406,967	(2,838)	£4,162 Members Basis Allowance. (£6,500) Savings bids RES02 and (£500) PL13.
	609,206	**638,073**	**28,867**	
Total Legal and Governance	**3,588,973**	**3,666,876**	**77,903**	
Total Resources	**6,184,831**	**5,622,995**	**(561,836)**	

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Reserves Statement 2025/26 Onwards

Reserve	Purpose and Use of Reserve	Balance 01/04/22 £	Outturn Movement 2022/23 £	Balance 01/04/23 £	Outturn Movement 2023/24 £	Balance 01/04/24 £	Budgeted Movement 2024/25 £	Forecast Balance 01/04/25 £	Budgeted Movement 2025/26 £	Balance 01/04/26 £	Budgeted Movement 2026/27 £	Balance 01/04/27 £	Budgeted Movement 2027/28 £	Balance 01/04/28 £	Budgeted Movement 2028/29 £	Balance 01/04/29 £
General Fund - General Reserve	A working balance and contingency, current recommended balance is £2.1 million.	**3,276,687**	(161,864)	**3,114,823**	**(891,501)**	**2,223,322**	(4,043)	**2,219,279**	(7,992)	**2,211,287**	0	**2,211,287**	0	**2,211,287**	0	**2,211,287**
Earmarked Reserves:																
Capital Projects	To provide funding for capital developments and purchase of major assets.	**555,618**	0	**555,618**	**(70,910)**	**484,708**	(484,708)	**0**	0	**0**	0	**0**	0	**0**	0	**0**
Asset Management	To support improvements to our existing assets as identified through the Asset Management Plan.	**882,030**	(35,923)	**846,107**	**(243,732)**	**602,375**	(310,033)	**292,342**	0	**292,342**	0	**292,342**	0	**292,342**	0	**292,342**
Benefits	To be used to mitigate any claw back by the Department of Works and Pensions following final subsidy determination. Timing of the use will depend on audited subsidy claims. Also included in this allocation are service specific grants for service improvements that have not yet been offset by expenditure.	**749,248**	(23,426)	**725,822**	**0**	**725,822**	(46,622)	**679,200**	(51,567)	**627,633**	0	**627,633**	0	**627,633**	0	**627,633**
Building Control	Building Control surplus ring-fenced to cover any future deficits in the service.	**224,115**	0	**224,115**	**(78,316)**	**145,799**	(122,542)	**23,257**	(19,874)	**3,383**	0	**3,383**	0	**3,383**	0	**3,383**
Business Rates	To be used for the support of local businesses and to mitigate impact of final claims and appeals in relation to business rates retention scheme.	**3,516,233**	(1,687,078)	**1,829,155**	**(1,190,780)**	**638,375**	(18,000)	**620,375**	(18,000)	**602,375**	(18,000)	**584,375**	(18,000)	**566,375**	(18,000)	**548,375**
Coast Protection	To support the ongoing coast protection maintenance programme ands carry forward funding between financial years.	**299,889**	166,400	**466,288**	**(224,754)**	**241,534**	(265,738)	**(24,204)**	0	**(24,204)**	0	**(24,204)**	0	**(24,204)**	0	**(24,204)**
Communities	To support projects that communities identify where they will make a difference to the economic and social wellbeing of the area.	**569,776**	(163,226)	**406,550**	**(106,059)**	**300,491**	(131,550)	**168,941**	0	**168,941**	0	**168,941**	0	**168,941**	0	**168,941**
Delivery Plan	To help achieve the outputs from the Corporate Plan and Delivery Plan.	**4,326,421**	(1,202,392)	**3,124,029**	**(902,928)**	**2,221,101**	(1,898,768)	**322,333**	(80,000)	**242,333**	0	**242,333**	0	**242,333**	0	**242,333**
Economic Development and Regeneration	Earmarked from previous underspends within Economic Development and Regeneration Budgets.	**197,621**	34,800	**232,421**	**(54,095)**	**178,326**	(10,000)	**168,326**	0	**168,326**	0	**168,326**	0	**168,326**	0	**168,326**
Election Reserve	Established to meet costs associated with district council elections, to smooth the impact between financial years.	**103,000**	83,015	**186,015**	**(123,015)**	**63,000**	60,000	**123,000**	60,000	**183,000**	60,000	**243,000**	60,000	**303,000**	60,000	**363,000**
Enforcement Works	Established to meet costs associated with district council enforcement works including buildings at risk .	**90,125**	(29,635)	**60,490**	**(14,528)**	**45,962**	0	**45,962**	0	**45,962**	0	**45,962**	0	**45,962**	0	**45,962**
Environmental Health	Earmarking of previous underspends and additional income to meet Environmental Health initiatives.	**311,193**	183,283	**494,476**	**520,798**	**1,015,274**	0	**1,015,274**	0	**1,015,274**	0	**1,015,274**	0	**1,015,274**	0	**1,015,274**
Environment Reserve	To fund expenditure relating to the Council's Green Agenda.	**150,000**	0	**150,000**	**0**	**150,000**	0	**150,000**	0	**150,000**	0	**150,000**	0	**150,000**	0	**150,000**
Grants	Revenue Grants received and due to timing issues not used in the year.	**2,357,656**	262,700	**2,620,356**	**66,340**	**2,686,696**	(77,969)	**2,608,727**	(85,159)	**2,523,568**	(49,148)	**2,474,420**	(19,780)	**2,454,640**	(9,020)	**2,445,620**
Housing	Previously earmarked for stock condition survey and housing needs assessment. Also now contains the balance of the Housing Community Grant funding received in 2016/17.	**2,107,358**	166,678	**2,274,036**	**(851,588)**	**1,422,448**	(356,479)	**1,065,969**	(56,299)	**1,009,670**	(57,406)	**952,264**	(58,535)	**893,729**	0	**893,729**
Innovation Fund	Contract default payments earmarked to fund service improvement projects.	**0**	0	**0**	**0**	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0	**0**

Reserves Statement 2025/26 Onwards

Reserve	Purpose and Use of Reserve	Balance 01/04/22 £	Outturn Movement 2022/23 £	Balance 01/04/23 £	Outturn Movement 2023/24 £	Balance 01/04/24 £	Budgeted Movement 2024/25 £	Forecast Balance 01/04/25 £	Budgeted Movement 2025/26 £	Balance 01/04/26 £	Budgeted Movement 2026/27 £	Balance 01/04/27 £	Budgeted Movement 2027/28 £	Balance 01/04/28 £	Budgeted Movement 2028/29 £	Balance 01/04/29 £
Land Charges	To mitigate the impact of potential income reductions.	339,152	0	339,152	0	339,152	(89,100)	250,052	0	250,052	0	250,052	0	250,052	0	250,052
Legal	One off funding for Compulsory Purchase Order (CPO) work and East Law Surplus.	124,323	(30,871)	93,452	(4,538)	88,914	(36,000)	52,914	(4,579)	48,335	0	48,335	0	48,335	0	48,335
Major Repairs Reserve	To provide provison for the repair and maintenance of the councils asset portfolio.	329,207	258,772	587,979	(130,000)	457,979	(55,600)	402,379	0	402,379	0	402,379	0	402,379	0	402,379
Net Zero Initiatives	to support the Councils Net Zero programme	0	500,000	500,000	(28,143)	471,857	(22,000)	449,857	(300,000)	149,857	0	149,857	0	149,857	0	149,857
New Homes Bonus (NHB)	Established for supporting communities with future growth and development and Plan review*	222,543	0	222,543	(76,394)	146,149	(150,000)	(3,851)	(83,763)	(87,614)	0	(87,614)	0	(87,614)	0	(87,614)
Organisational Development	To provide funding for organisation development to create capacity within the organisation, including the provision and support for apprenticeships and internships.	173,097	(17,873)	155,224	(43,003)	112,221	(26,123)	86,098	0	86,098	0	86,098	0	86,098	0	86,098
Pathfinder	To help Coastal Communities adapt to coastal changes.	89,566	0	89,566	0	89,566	0	89,566	0	89,566	0	89,566	0	89,566	0	89,566
Planning	Additional Planning income earmarked for Planning initiatives including Plan Review.	217,926	198,965	416,891	(128,965)	287,926	(37,300)	250,626	46,763	297,389	50,000	347,389	50,000	397,389	50,000	447,389
Restructuring & Invest to Save Proposals	To fund one-off redundancy and pension strain costs and invest to save initiatives. Transfers from this reserve will be allocated against business cases as they are approved. Timing of the use of this reserve will depend on when business cases are approved.	898,995	(234,987)	664,008	53,043	717,051	(45,456)	671,595	0	671,595	0	671,595	0	671,595	0	671,595
Treasury	To smooth impacts on the Revenue account of movement in fair value changes of the Councils holdings in Pooled Funds	500,000	0	500,000	(200,000)	300,000	(300,000)	0	0	0	0	0	0	0	0	0
Total Reserves		**22,611,779**	**(1,732,663)**	**20,879,116**	**(4,723,068)**	**16,156,048**	**(4,428,031)**	**11,728,018**	**(600,470)**	**11,127,548**	**(14,554)**	**11,112,994**	**13,685**	**11,126,679**	**82,980**	**11,209,659**

NB: Due to Continuing work on the Statement of Accounts 2023/24 the 2023/24 Reserve position may be subject to change

CONFIDENTIAL - Proposed Savings/Income 2025/26 to 2028/29

xref	Asst Director	Service Area	Savings Title	Brief Outline of Saving/Additional Income (where applicable)	Saving(S) /Income(I)	Permanent (P) /One off (O)	2025/26 Savings /Income	2026/27 Savings /Income	2027/28 Savings /Income	2028/29 Savings /Income
COMMUNITIES										
1	Emily Capps	Environmental Health and Leisure Services	Increase Charges for Dog Waste and Litter Bins	NNDC empties litter bins and dog waste bins on behalf of town and parish councils. This is charged per lift, this proposal suggests an increase in charge from 25p to 50p for Dog Bins and 10p to 20p for Litter bins.	I	P	2,905	9,600	9,600	8,000
2	Emily Capps	Environmental Health and Leisure Services	Garden Waste Bins	This additional income is generated by an increase in the charge for the discretionary garden waste service, from £60 per year to £65 for direct debit customers. This benchmarked against neighbouring authorities appears to be a reasonable increase. The income also reflects an increase in customers by a further 200 customers.	I	P	65,809	114,006	188,406	263,564
3	Emily Capps	Environmental Health and Leisure Services	General Environmental Health Savings	A collection of savings from the Environmental Protection, Public Protection, Environmental Services and Civil Contingencies Budgets. Including training, equipment and professional services.	S	P	23,500	23,500	23,500	23,500
4	Emily Capps	Environmental Health and Leisure Services	Various savings Leisure and Localities	A collection of savings from the following areas: water and sewerage - putting and bowling greens, R & M - Leisure Centres, Fixture and fittings - Foreshore and income from the NN Youth Advisory Board which will contribute to the Countryside Service costs in the coming year.	S	P	42,848	32,848	32,848	32,848
5	Emily Capps	Environmental Health and Leisure Services	Sampling Assistant	The Sampling Assistant (Private Water, Shellfish and Dairies) retired in September 2024- rather than fill this vacancy this work can be undertaken by the Environmental Protection Rangers.	S	P	21,950	21,950	21,950	21,950
6	Emily Capps	Environmental Health and Leisure Services	Countryside events	Countryside events.	I	P	5,000	5,000	5,000	5,000
7	Emily Capps	Environmental Health and Leisure Services	Reduced out of hours service	Reduced out of hours service.	S	P	4,600	4,600	4,600	4,600
8	Emily Capps	Environmental Health and Leisure Services	Seasonal Foreshore Service	Seasonal Foreshore Service.	S	P	14,950	14,950	14,950	14,950
9	Karen Hill	People Services	General savings	Early Help & Prevention Service -Misc. savings offered. £500 training, £500 equipment, £200 PPE, £1,000 travel.	S	P	2,200	2,200	2,200	2,200
10	Karen Hill	People Services	Misc. Savings - Housing Options	Various budget savings totalling £6,659.	S	P	6,659	6,659	6,659	6,659
11	Karen Hill	People Services	Information, Advice and Guidance funding (IAG)	Reduction of funding in IAG budget from £77,323 to £34,000	S	P	54,323	43,323	43,323	43,323
12	Karen Hill	People Services	People Services Staffing	Staffing savings as a result of vacancies and reduced working hours. Whilst this is offered as a permanent budget saving there could be the need to review this at a later date, depending on work pressures.	S	P	122,848	122,848	122,848	122,848
13	Karen Hill	People Services	Fixed term contract overheads	Fixed term contract overheads funded from external grant.	S	O	50,000	0	0	0
SUB TOTAL COMMUNITIES							**417,592**	**401,484**	**475,884**	**549,442**

CONFIDENTIAL - Proposed Savings/Income 2025/26 to 2028/29

xref	Asst Director	Service Area	Savings Title	Brief Outline of Saving/Additional Income (where applicable)	Saving(S) /Income(I)	Permanent (P) /One off (O)	2025/26 Savings /Income	2026/27 Savings /Income	2027/28 Savings /Income	2028/29 Savings /Income
CORPORATE										
14	CLT	Corporate/ Car parks	Additional car park income from increased fees and charges	Income from increased fees and charges, with next review to increase fees and charges for the year 2027/28	I	p	600,000	600,000	1,000,000	1,000,000
15	CLT	Corporate / Car parks	Additional car park income from additional car parks	Charging at Hornbeam Road, opportunities for further car parks	I	P	100,000	100,000	100,000	100,000
16	CLT	Corporate / Car parks	Additional income from Cadogan Road.	Increasing the car parking spaces at Cadogan Road, therefore generating more income.	S	P	33,000	33,000	33,000	33,000
17	CLT	Corporate	Restructure of CDU	Initial discussions have taken place with a member of the team about their position in the Council (at the staff member's request) and a voluntary redundancy package could be offered and the post deleted from the establishment.	S	P	53,512	53,512	53,512	53,512
18	CLT	Corporate	Closure of Cromer Tourist Information Centre	Closure of Cromer Tourist Informaton Centre	S	P	92,963	92,963	92,963	92,963
SUB TOTAL CORPORATE							**879,475**	**879,475**	**1,279,475**	**1,279,475**

CONFIDENTIAL - Proposed Savings/Income 2025/26 to 2028/29

xref	Asst Director	Service Area	Savings Title	Brief Outline of Saving/Additional Income (where applicable)	Saving(S) /Income(I)	Permanent (P) /One off (O)	2025/26 Savings /Income	2026/27 Savings /Income	2027/28 Savings /Income	2028/29 Savings /Income
PLACE AND CLIMATE CHANGE										
19	Russell Williams	Planning	Minor reductions in numerous budget lines	Small scale budget reductions across various budget lines.	S	P	22,896	22,896	22,896	22,896
20	Russell Williams	Planning	Building Control Fee Increases	Increase building control fees so that 'controllable budget' position would be cost neutral in 2025/26. This would amount to a 6.2% increase in annual income targets.	I	P	30,142	30,142	30,142	30,142
21	Russell Williams	Planning	Planning Service Budget Resources Review	Review of budget resources within the planning service area.	S	P	116,951	116,951	116,951	116,951
22	Russell Williams	Planning	New Government Funding for Planning	It isn't yet certain that any such funding will be provided to NNDC - although the Government have announced that £46m will be spend nationally. The figure shown is an estimate of what NNDCs allocation (of the £46m) might be.	I	O	75,000	0	0	0
23	Russell Williams	Planning	Nutrient Mitigation Fund	Funding due to reimburse NNDC for the Officer time spent on Nutrient Mitigation Fund work	I	P	10,000	10,000	10,000	10,000
24	Russell Williams	Planning	Disbanding the Planning Policy and Built Heritage Working Party	Disbanding the Planning Policy and Built Heritage Working Party - after the adoption of the current Draft Local Plan	S	P	500	1,000	1,000	1,000
25	Rob Young	Sustainable Growth - Coast Protection	Consultancy Fees - General	Reduction in budget for consultancy fees by £20,000 (from £48,000) on the basis that such fees will have to be met by the revenue works budget or from budgets for specific capital projects.	S	P	20,000	20,000	20,000	20,000
26	Rob Young	Sustainable Growth - Coastal Management	CPD Training	Reduction in budget for training by £3,000 (from £5,000)	S	P	3,000	3,000	3,000	3,000
27	Rob Young	Sustainable Growth - Coast Protection	Computer Software and Licences	Reduction in computer purchases - software - and computer software licences budget (from £2,000)	S	P	2,000	2,000	2,000	2,000
28	Rob Young	Sustainable Growth	Orchestras Live - Grant	It is considered that activities under this grant from 25/26 will no longer need to be supported by this grant.	S	P	3,550	3,550	3,550	3,550
29	Rob Young	Sustainable Growth	Various reductions	Various reductions across budgets including £1,300 on subs to professional bodies, £6,500 in marketing, £1,500 in computer software, £7,500 in marketing north Norfolk subscriptions and £2,000 in generic training.	S	P	18,800	18,800	18,800	18,800
30	Rob Young	Sustainable Growth - Housing Strategy	Deletion of Consultancy Fees budget	This is a budget to fund projects to deliver the housing strategy projects. In future, where a project requires resources to deliver, this will need to be made clear in any recommendations to Cabinet and a business case made for any budget .	S	P	10,000	10,000	10,000	10,000
31	Rob Young	Sustainable Growth	Budget Efficiencies	Review of current resources to deliver efficiency savings.	S	P	55,000	55,000	55,000	55,000
SUB TOTAL PLACE							**367,839**	**293,339**	**293,339**	**293,339**

CONFIDENTIAL - Proposed Savings/Income 2025/26 to 2028/29

xref	Asst Director	Service Area	Savings Title	Brief Outline of Saving/Additional Income (where applicable)	Saving(S) /Income(I)	Permanent (P) /One off (O)	2025/26 Savings /Income	2026/27 Savings /Income	2027/28 Savings /Income	2028/29 Savings /Income
RESOURCES										
32	Cara Jordan	Legal Services	Legal Services	Increase income target by £5,000.	I	O	5,000	0	0	0
33	Cara Jordan	Democratic Services	Youth Council	Looking at alternative ways to engage young people and thereby removing the majority of the Youth Council Budget. Need to retain a small fraction of the budget to assist with alternative delivery of Youth engagement.	S	P	9,000	9,000	9,000	9,000
34	Cara Jordan	IT Web	Training Budget Saving	Halving the training budget for IT-Web will save £2,500 per year.	S	P	2,500	2,500	2,500	2,500
35	Cara Jordan	IT - Infrastructure	Technical Support Assistant	The IT Infrastructure Team have 1 x Grade 10 Technical Support Assistant post, of which they would be prepared to give up the budget (a total of £33,564). This would not have an impact on the current FTE of the team, and nor would any redundancy costs be incurred.	S	P	32,562	32,562	32,562	32,562
36	Cara Jordan	IT	Ceasing the software that enable us to access archived files	We currently pay for software to access the files from our old 'm' drives. In 2021 we moved from an old folder structure (which I refer to as the 'm' drive) to the Libraries. I am now proposing we don't need this software (saving of £6k per year).	S	P	5,500	5,500	5,500	5,500
37	Cara Jordan	ICT Applications	Reduction in EH software costs	Following review of their software components with the Environmental Health department it has been determined the following component delivers minimal efficiency for the outlaid costs: Assure Food Mobile Renewal for 7 users £7,700. The service have confirmed this does not need to be renewed when the current agreement ceases (End Jan 25). The account manager has been made aware of our intentions in this regard.	S	O	7,700	0	0	0
38	Cara Jordan	ICT Applications	Software Savings	Software savings	S	P	42,000	42,000	42,000	42,000
39	Daniel King	Estates	Estates Savings & Income generation	Rental reviews resulting in additional income: 1) Industrial Estate N. Walsham £7,445. 2) North Walsham (The Cedars) £8,679. Expenditure savings: 1) North Walsham (The Cedars) other professional fee budget £5,000 2) Other minor savings totalling £206 within Itteringham cost centres. 3) Consultancy fees within estates reduction in budget of £400.	S/I	P	21,730	21,730	21,730	21,730
40	Daniel King	Property Services	Reduction of various repairs and maintenance budgets	Reduce R & M budgets on the following; Amenity Lighting - £8,000 Cromer Pier - £10,000 Toilets - £10,000 Car Parks - £10,000	S	P	38,000	38,000	38,000	38,000
41	Daniel King	Property Services	Reductions of various generic budgets	Reduce training budget by £8,000, subscriptions to professional bodies by £600, Consumable purchases by £2,000, PPE by £1,000 and play equipment by £263.	S	P	11,863	11,863	11,863	11,863
42	Daniel King	Public Conveniences	Reduction in various direct cost budgets	Reduction in direct cost budgets.	S	P	40,000	40,000	40,000	40,000
SUB TOTAL RESOURCES							**215,855**	**203,155**	**203,155**	**203,155**
Total							**1,880,761**	**1,777,453**	**2,251,853**	**2,325,411**

OVERVIEW AND SCRUTINY COMMITTEE – WORK PROGRAMME

	12 February			
Topic	**Purpose**	**Type**	**Cabinet Member**	**Decision Maker**
Homelessness Task and Finish Group	Report back on progress being made on the Group's recommendations	*Cttee request*	Cllr W Fredericks	
Budget Monitoring/Corporate Plan Report/Performance Management/Risk Management/ MTFS	To consider what issues the council will face over the next 3 to 6 months	Quarterly	Cllr L Shires	Cabinet
Peer Review Feedback	To consider the Peer review feedback from the visit on 18 December 2024		Cllr T Adams	

	12 March			
Topic	**Purpose**	**Type**	**Cabinet Member**	**Decision Maker**
Council's People Strategy	Consider the Council's People Strategy		Cllr T Adams	

	09 April			
Topic	**Purpose**	**Type**	**Cabinet Member**	**Decision Maker**
UKSPF	Report 2024/25 programme evaluation and confirm proposed programme for 2025/26		Cllr J Toye	

	Potential Items			

OVERVIEW AND SCRUTINY COMMITTEE – WORK PROGRAMME

Topic	Purpose	When	Cabinet Member	Decision Maker
Benjamin Court Cromer	To consider the correspondence received in the appendix to this report		Cllr T Adams	
Crime & Disorder Update	To invite the PCC following the election on their plans in North Norfolk	Annual		Scrutiny
Water Issues	(A) the Chairman of the Norfolk Strategic Flooding Alliance be invited to a future meeting on how the Council is working with the alliance on flooding issues, (B) Anglian Water and Water Resources East be invited to the same meeting on the strategic water issues that affect North Norfolk to include the Anglian Water Strategic Investment Plan		Cllr A Varley	Scrutiny
Waste Update	Progress made in planning, implementing, and embedding the round reorganisation on a regular basis	Review	Cllr C Ringer	Scrutiny
Waste Update	Only when performance has dropped to a level that is of significant concern or that progress on the gap analysis items is not adequate	When triggered	Cllr C Ringer	Scrutiny
Car Park Income	Committee Chairman and Vice Chairman to meet with the Portfolio Holder for Finance, Estates and Property Services and appropriate officers to consider the information that should be in a future report to the Committee on the Council's Car Parks		Cllr L Shires	Scrutiny
Council's Workforce Development Strategy	How vacancies are managed, how agency staff are used, what work the council does to recruit staff, as well as the impact of vacancies, especially key staff, on the Council's service delivery and budget		Cllr T Adams	Scrutiny
Local Postal Services	Report from Councillor Hankins			Scrutiny