

# Cabinet



**Please contact:** Democratic Services

**Please email:** [democraticservices@north-norfolk.gov.uk](mailto:democraticservices@north-norfolk.gov.uk)

**Please Direct Dial on:** 01263 516010

Friday, 23 January 2026

A meeting of the **Cabinet** of North Norfolk District Council will be held in the Council Offices, Holt Road, Cromer, NR27 9EN on **Monday, 2 February 2026 at 10.00 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 arrive at least 15 minutes before the start of the meeting. It will not always be possible to accommodate requests after that time. 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 516010, Email:[democraticservices@north-norfolk.gov.uk](mailto: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 should 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.

**Emma Denny**  
**Democratic Services Manager**

**To:** Cllr T Adams, Cllr L Shires, Cllr H Blathwayt, Cllr J Boyle, Cllr A Brown, Cllr C Ringer, Cllr J Toye, Cllr A Varley and Cllr L Withington

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

**Chief Executive:** Steve Blatch  
**Tel** 01263 513811 **Fax** 01263 515042 **Minicom** 01263 516005  
**Email** [districtcouncil@north-norfolk.gov.uk](mailto:districtcouncil@north-norfolk.gov.uk) **Web site** [www.north-norfolk.gov.uk](http://www.north-norfolk.gov.uk)

## A G E N D A

**1. TO RECEIVE APOLOGIES FOR ABSENCE**

**2. MINUTES**

1 - 8

To approve, as a correct record, the minutes of the meetings of the Cabinet held on Monday 5<sup>th</sup> January 2026 & Monday 19<sup>th</sup> January 2026.

**3. PUBLIC QUESTIONS AND STATEMENTS**

To receive questions and statements from the public, if any.

**4. ITEMS OF URGENT BUSINESS**

To determine any other items of business which the Chairman decides should be considered as a matter of urgency pursuant to Section 100B(4)(b) of the Local Government Act 1972

**5. DECLARATIONS OF INTEREST**

9 - 14

Members are asked at this stage to declare any interests that they may have in any of the following items on the agenda. The Code of Conduct for Members requires that declarations include the nature of the interest and whether it is a disclosable pecuniary interest (see attached guidance and flowchart)

**6. MEMBERS' QUESTIONS**

To receive oral questions from Members, if any

**7. RECOMMENDATIONS FROM OVERVIEW & SCRUTINY COMMITTEE**

To consider any recommendations referred to the Cabinet by the Overview & Scrutiny Committee for consideration by the Cabinet in accordance within the Overview and Scrutiny Procedure Rules

**8. CAPITAL STRATEGY 2026 - 2027**

15 - 30

<b>Capital Strategy Report 2026-27</b>	
<b>Executive Summary</b>	This report sets out the Council's Capital Strategy for the year 2026/27. 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.
<b>Options considered</b>	This report must be prepared to ensure the Council complies with the CIPFA Treasury Management and Prudential Codes.
<b>Consultation(s)</b>	Section 151 Officer
<b>Recommendations</b>	To recommend to Full Council that the Capital Strategy 2026/27 is approved.

<b>Reasons for recommendations</b>	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.
<b>Background papers</b>	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).

<b>Wards affected</b>	All
<b>Cabinet member(s)</b>	Cllr. Lucy Shires
<b>Contact Officer</b>	James Moore/Claire Waplington Technical Accountant/Chief Technical Accountant

## 9. TREASURY MANAGEMENT STRATEGY 2026 - 2027

31 - 70

<b>Treasury Management Strategy Report 2026/27</b>	
<b>Executive Summary</b>	This report sets out the Council's Treasury Management Strategy for the year 2026/27. 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.
<b>Options considered</b>	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).
<b>Consultation(s)</b>	Portfolio Holder Section 151 Officer  This report has been prepared with the assistance of Link Treasury Services, the Council's Treasury Management advisors.
<b>Recommendations</b>	To recommend to Full Council that the Treasury Management Strategy 2026/27 is approved.
<b>Reasons for</b>	Approval by Full Council demonstrates

<b>recommendations</b>	<p>compliance with the Prudential Codes to ensure.</p> <ul style="list-style-type: none"> <li>• A flexible investment strategy enabling the Council to respond to changing market conditions.</li> <li>• Ensure compliance with CIPFA and MHCLG guidance.</li> <li>• Confirming capital resources available for delivery of the Council's capital programme.</li> </ul> <p>It is a requirement that any proposed changes to the prudential indicators are approved by Full Council.</p>
<b>Background papers</b>	<p>The Council's Treasury Management Strategy 2025/26.</p> <p>CIPFA Prudential Code (Treasury Management in the Public Services: Code of Practice 2021 Edition).</p> <p>CIPFA Prudential Code (Capital Finance in Local Authorities: Code of Practice 2021 Edition).</p>

<b>Wards affected</b>	All
<b>Cabinet member(s)</b>	Cllr. Lucy Shires
<b>Contact Officer</b>	James Moore/Claire Waplington Technical Accountant/Chief Technical Accountant

**10. NON-DOMESTIC (BUSINESS) RATES POLICY 2026 - 2027**

71 - 98

<b>Non-Domestic (Business) Rates Policy 2026-27</b>	
<b>Executive Summary</b>	The Non-Domestic (Business) Rates Policy 2026-27 has been revised to reflect the changes to schemes announced by government and includes guidelines as to how the schemes are to be implemented and the financial implications on the authority.
<b>Options considered.</b>	The policy is discretionary, so members can decide not to agree to the recommendations.
<b>Consultation(s)</b>	<p>The Government expects local authorities to use their discretionary relief powers to grant these reliefs.</p> <p>The Supporting Small Business Relief, Hardship Relief, Film Studios Relief, Flood Relief, Electric Vehicle Charging Points and Electric Vehicle Only Forecourts and Retail Hospitality and Leisure Relief up to 31/03/26.</p>



	<p>All of these (except the Hardship Policy) will be compensated in full for our loss of rates income. This compensation will be paid by section 31 grant and calculated based on the returns that the council makes under the rates retention scheme.</p> <p>The Council's Discretionary Rate Relief Policy has been revised to reflect these changes.</p>
<b>Recommendations</b>	<p>1. It is agreed by Full Council that the Revenues Manager continues to have delegated authority to make decisions up to the NNDC cost value of £4k as indicated in Appendix A.</p> <p>2. It is agreed by Full Council that the Revenues Manager continues to have delegated authority to make Hardship Relief decisions up to the NNDC cost value of £4k as indicated in Appendix C.</p> <p>3. It is agreed by Full Council that the Rate Relief Policy is revised as indicated in Appendix A, B and C.</p>
<b>Reasons for recommendations</b>	<p>The new policy will enable the Supporting Small Business Relief, Hardship Relief, Film Studios Relief, Flood Relief, Electric Vehicle Charging Points and Electric Vehicle Only Forecourts and Retail Hospitality and Leisure Relief up to 31/03/26 to be awarded discretionary reliefs.</p>
<b>Background papers</b>	<p>1. In the Budget on 26 November 2025 the Chancellor announced the Government would replace the 40% Retail, Hospitality and Leisure Relief with lower business rate multipliers, introduce a 2026 Supporting Small Business Scheme plus extend the previous 2023 scheme by one year, introduce Electric Vehicle Charging Points and Electric Vehicle Only Forecourts Relief.</p> <p>2. In the Budget on 30 October 2024 the Chancellor announced the Government would extend the award of Retail, Hospitality and Leisure Relief but that it will reduce the relief from 75% to 40% for properties up to a cash limit of £110,000 per business for the 2025/26 financial year.</p> <p>3. In the Budget on 6 March 2024 the Chancellor announced the Government would introduce Film Studios relief of 40% until 2034 for properties from the 2024/25 financial year</p>

	<p>subject to subsidy control rules.</p> <p>4. In the Budget on 17 November 2022 the Chancellor announced a new Supporting Small Business (SSB) Relief scheme which will cap bill increases at £600 per year for any businesses that had a Rateable Value (RV) increase from 1 April 2023 caused by the revaluation and consequently lost Small Business Rates Relief or Rural Rate Relief.</p> <p>5. Under section 49 of the Local Government Act 1988 businesses can apply for Hardship Relief. This scheme has now been incorporated within this rate relief policy. The cost of this scheme is funded in accordance with the Non-Domestic Rates financial retention rules.</p> <p>6. Under the government's flood recovery framework, businesses can apply for Flood Relief. This scheme has now been incorporated within this rate relief policy. Businesses can receive a minimum of 3 months rate relief. The cost of this scheme is fully funded by government.</p>
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<b>Wards affected</b>	All
<b>Cabinet member(s)</b>	Cllr Lucy Shires
<b>Contact Officer</b>	Sean Knight Revenues Manger <a href="mailto:Sean.Knight@north-norfolk.gov.uk">Sean.Knight@north-norfolk.gov.uk</a>

## 11. DRAFT REVENUE BUDGET 2026 - 2027

99 - 144

Draft Revenue Budget for 2026-27	
Executive Summary	This report presents the latest iteration of the budget for 2026/27. 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 2026/27.
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 2026.

Consultation(s)	<p>The Overview and Scrutiny Committee will have the opportunity to review this report at its meeting on 11 February 2026.</p> <p>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 18 February 2026.</p>
Recommendations	<ol style="list-style-type: none"> <li>1. That Cabinet consider the proposed balanced budget including movement in reserves and recommended approval to full Council.</li> <li>2. To approve the creation of an £0.75m Ear Marked Reserve to mitigate the Revenue costs of Local Government Reorganisation.</li> <li>3. To approve the use of the Communities reserve to fund a revenue budget of £4,000 per Member to allow the award of small local grants.</li> <li>4. That an alternative option for balancing the budget should be agreed to replace costs or savings not taken forward if there are any.</li> <li>5. That Cabinet agree that any additional funding announced as part of the final Local Government Settlement announcement be transferred to reserves.</li> <li>6. That Cabinet decide which proposed new capital bids should be recommended to full Council for inclusion in the Capital Programme.</li> </ol>
<b>Reasons for recommendations</b>	To enable the Council to set a balanced budget.
<b>Background papers</b>	2025/26 Budget report presented to Full Council on 19 February 2025.

<b>Wards affected</b>	All
<b>Cabinet member(s)</b>	Cllr Lucy Shires
<b>Contact Officer</b>	Don McCallum

	Director of Resources and s151 Officer <a href="mailto:Don.McCallum@north-norfolk.gov.uk">Don.McCallum@north-norfolk.gov.uk</a>
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12. **MEDIUM TERM FINANCIAL STRATEGY 2026/27 TO 2029/30** 145 - 176
13. **LEASE RENEWAL: FORESHORE AT HAPPISBURGH** 177 - 180

<b>Lease renewal: Foreshore at Happisburgh</b>	
<b>Executive Summary</b>	<p>The Council's existing 21-year peppercorn lease for the foreshore at Happisburgh expired on 9 February 2024.</p> <p>This lease provides the Council with the necessary rights to undertake coastal protection, drainage and water management works under the Coast Protection Act 1949 and associated legislation. Renewal of the lease is essential to ensure continued access and operational capability in an area of coastline that remains highly vulnerable to erosion and flood risk.</p> <p>It is proposed that the Council renews the lease on similar peppercorn terms for a further 21-year period commencing 10 February 2024. This renewal will secure the Council's ability to deliver statutory coastal protection functions, maintain long-term coastal management activities, and support the resilience of the local community and infrastructure.</p> <p>Approval of the lease renewal represents a low-cost, practical and strategically important step in sustaining the Council's coastal management responsibilities.</p>
<b>Options considered</b>	An option was considered not to renew the lease, however this was rejected due to benefit the lease provides.
<b>Consultation(s)</b>	Coastal Management Cllr Luke Patterson Assistant Director Sustainable Growth
<b>Recommendations</b>	<p>That Cabinet resolves to agree:</p> <ul style="list-style-type: none"> <li>• A lease renewal for 21 years</li> <li>• Delegate approval to the Asset Strategy Manager to agree the exact terms of the lease.</li> </ul>
<b>Reasons for recommendations</b>	Ensuring the Council can continue to manage and maintain the Happisburgh foreshore
<b>Background papers</b>	N/A

<b>Wards affected</b>	Happisburgh
<b>Cabinet member(s)</b>	Cllr Harry Blathwayt Cllr L Shires
<b>Contact Officer</b>	Renata Garfoot. Asset Strategy Manager <a href="mailto:Renata.Garfoot@North-Norfolk.Gov.UK">Renata.Garfoot@North-Norfolk.Gov.UK</a>

#### 14. NEATISHEAD CONSERVATION AREA APPRAISAL

181 - 186

<b>Neatishead Conservation Area Appraisal and Management Plan</b>	
<b>Executive Summary</b>	This report seeks approval to adopt the Neatishead and Hall Road, Barton Turf Conservation Area Appraisal and Management Plan in line with national policy and best practice. Both the Appraisal and Management Plan were authored by The Broads Authority, who subsequently adopted them in May 2025.
<b>Options considered</b>	<ol style="list-style-type: none"> <li>1. To adopt the document</li> <li>2. To <u>not</u> adopt the document, not considered to be appropriate considering the extensive public involvement via consultation, and the document having already been adopted by The Broads Authority.</li> </ol>
<b>Consultation(s)</b>	The Draft Neatishead Conservation Area Appraisal and Management Plan was made available for public consultation across a period between 2 September and 14 October 2024. Organisations such as North Norfolk District Council Historic England and Norfolk County Council were consulted, along with residents of the conservation area and the parish councils. A public drop-in session was held at the New Victory Hall in Neatishead on Saturday 14 September and this was well attended.
<b>Recommendations</b>	<p>This report asks that Cabinet:</p> <ol style="list-style-type: none"> <li>1. Notes the content of the Neatishead and Hall Road, Barton Turf Conservation Area Appraisal and Management Plan, and</li> <li>2. Approves the adoption of the Neatishead and Hall Road, Barton Turf Conservation Area Appraisal and Management for statutory planning purposes and for the Appraisal document to become a material consideration in the planning process.</li> </ol>

<b>Reasons for recommendations</b>	To enable the appraisal document to provide planning guidance for the District.
<b>Background papers</b>	Neatishead and Hall Road, Barton Turf Conservation Area Appraisal and Management Plan 2025

<b>Wards affected</b>	All Wards
<b>Cabinet member(s)</b>	Cllr Andrew Brown
<b>Contact Officer</b>	Alannah Hogarth, Senior Conservation & Design Officer, <a href="mailto:Alannah.hogarth@north-norfolk.gov.uk">Alannah.hogarth@north-norfolk.gov.uk</a>

15.

#### DELEGATED DECISIONS NOVEMBER TO DECEMBER 2025

187 - 192

<b>Delegated Decisions November to December 2025</b>	
<b>Executive Summary</b>	This report details the decisions taken under delegated powers from November to December 2025.
<b>Options considered</b>	Not applicable – the recording and reporting of delegated decisions is a statutory requirement.
<b>Consultation(s)</b>	Consultation is not required as this report and accompanying appendix is for information only. No decision is required, and the outcome cannot be changed as it is historic, factual information.
<b>Recommendations</b>	<b>To receive and note the report and the register of decisions taken under delegated powers.</b>
<b>Reasons for recommendations</b>	<p>The Constitution: Chapter 6, Part 2, details the functions which are delegated to officers. In addition, it requires that any exercise of such powers should be reported to the next meeting of Council, Cabinet or working party (as appropriate).</p> <p>The law requires the Council to record executive and non-executive decisions taken by officers under delegated powers and to publish them on the Council's website.</p> <p>These requirements apply to decisions that would have been taken by Council or the Cabinet if delegated powers had not been given to an officer either -</p> <ul style="list-style-type: none"> <li>• under an express delegation granted at a meeting of Cabinet, Council or a Committee.</li> <li>• Or under a general delegation (where responsibility is delegated in the Constitution)</li> </ul>

<b>Background papers</b>	Signed decision forms

<b>Wards affected</b>	All Wards
<b>Cabinet member(s)</b>	Cllr T Adams, Leader
<b>Contact Officer</b>	Emma Denny, Democratic Services Manager Emma.denny@north-norfolk.gov.uk

## 16. EXCLUSION OF PRESS AND PUBLIC

To pass the following resolution:

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

## 17. PRIVATE BUSINESS

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## CABINET

**Minutes of the meeting of the Cabinet held on Monday, 5 January 2026 at the Council Chamber - Council Offices at 10.00 am**

### **Committee**

#### **Members Present:**

Cllr L Shires (Deputy Chair)  
Cllr A Brown  
Cllr A Varley  
Cllr J Boyle

Cllr T Adams (Chair)  
Cllr J Toye  
Cllr L Withington

### **Officers in**

#### **Attendance:**

Chief Executive, Democratic Services Manager and Assistant  
Director for Finance, Assets, Legal & Monitoring Officer

#### **Apologies for Absence:**

Cllr H Blathwayt  
Cllr C Ringer

### **91 PUBLIC QUESTIONS AND STATEMENTS**

None received.

### **92 DECLARATIONS OF INTEREST**

None received.

### **93 ITEMS OF URGENT BUSINESS**

None received.

### **94 MEMBERS' QUESTIONS**

The Chair advised members that they could ask questions as matters arose.

### **95 MHCLG STATUTORY CONSULTATION ON PROPOSALS FOR LOCAL GOVERNMENT REORGANISATION IN NORFOLK - A RESPONSE BY NORTH NORFOLK DISTRICT COUNCIL**

The Chair introduced this item. He explained that, following the submission of final proposals for Local Government Reorganisation (LGR) in Norfolk in September 2025, the Government was now undertaking a process of statutory consultation on the proposals. Key local stakeholders, including District Councils, were invited to comment on the three submissions made to the Government for the introduction of unitary councils in Norfolk.

The Chair explained that three proposals for unitary local government had been

submitted. Norfolk County Council had submitted a proposal for a single unitary authority, South Norfolk DC had proposed a two unitary model and the remaining six Norfolk Councils (North Norfolk DC, Great Yarmouth BC, Kings Lynn & West Norfolk BC, Breckland DC, Broadland DC and Norwich City Council), had developed and submitted a three unitary model. NNDC's draft response to the Government consultation was attached as an appendix to the report and set out in detail its objections to the proposals for both single and two unitary proposals, whilst outlining the support for the three unitary model.

The Chair then outlined the proposal for a three unitary model for Norfolk in more detail, explaining that the distinct geographies of the county – urban, rural and coastal - were fully reflected and that 'one size' would not fit all and could cause an imbalance in terms of service provision, economic and housing growth.

He went onto speak about concerns relating to the impact on democratic representation for the single and two unitary proposals, with large numbers of councillors meeting in a single place whilst facilitating a greater overall reduction in the number of elected members, resulting in a perception of remoteness and inaccessibility for both residents and local businesses.

The Chair went onto say that the other two proposals lacked detail around implementation, something which was covered in considerable detail in the three unitary model. He said that the other proposals seemed to rely on service cuts in the initial years to make the numbers 'stack up'. In contrast, the three unitary model set out a vision for financial sustainability from day one based on service improvement and transformation, through linking existing statutory services. The other proposals were based on centralisation rather than localism. In addition, three unitaries would provide a greater voice for the County when the new Strategic Authority was created.

The deadline for submitting responses to the consultation was 11<sup>th</sup> January and he urged members to encourage residents and local stakeholders to respond.

The Chair invited members to speak:

Cllr J Toye, Portfolio Holder for Sustainable Growth, thanked the Chair for his succinct summary and said that he hoped central Government would recognise that the key issue was about representation and bringing decisions to local people and not removing them from them, adding that the three unitary proposal was the only model to provide true representation.

Cllr A Varley, Portfolio Holder for Climate Change & Net Zero, thanked officers for their hard work in preparing the final submission and the response to the consultation and said that they had worked extremely hard to meet the criteria set out by the Government. He said that no one was supportive of Local Government Reorganisation (LGR) but that the three unitary model went into more detail than the other two proposals and it provided the best outcome for North Norfolk and its residents. The Chair thanked him and added that in the coming years there would be increasing pressure on social care and this was of huge concern and it was vital that a plan for social care was developed and the three unitary model had the ability to do this, alongside financial sustainability.

Cllr L Withington, Portfolio Holder for Health & Wellbeing, agreed with the Chair's comments on social care and said that this was an opportunity to break down existing systems and ensure that they related much more closely to the County's

regional demographics, adding that NNDC had experience of working in partnership to bring services together.

The Chair thanked members for their comments and acknowledged that it was not a high profile issue for most residents but said it was important to encourage them to engage as much as possible. He said that the postponement of elections had been a central Government decision and understandably had caused concern with the public.

It was proposed by Cllr T Adams, seconded by Cllr J Toye and

#### **RESOLVED**

To approve the Council's corporate response to the statutory consultation process being carried out by the Government in respect of proposals for Local Government Reorganisation (LGR) in Norfolk (attached at Appendix A to the report)

Reason for the decision:

To respond to the statutory consultation process being carried out by the Government in respect of proposals for local government reorganisation in Norfolk.

#### **96 EXCLUSION OF PRESS AND PUBLIC**

#### **97 PRIVATE BUSINESS**

The meeting ended at 10.13 am.

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Chairman

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## **CABINET**

**Minutes of the meeting of the Cabinet held on Monday, 19<sup>th</sup> January 2026 at the Council Offices, Holt Road, Cromer, NR27 9EN at 10.00 am**

### **Committee**

#### **Members Present:**

Cllr L Shires  
Cllr A Brown  
Cllr C Ringer  
Cllr A Varley  
Cllr J Boyle

Cllr T Adams (Chair)  
Cllr H Blathwayt  
Cllr J Toye

#### **Members also attending:**

#### **Officers in Attendance:**

Chief Executive, Democratic Services and Governance Officer,  
Director of Service Delivery, S151 Officer and Director of Resources,  
Housing Strategy and Delivery Manager, Estates and Asset Strategy  
Manager, Council Surveyor, Communications and PR Manager

#### **Apologies for Absence:**

Apologies were received from Cllr L Withington

### **91 MINUTES**

The minutes of the meeting held on 1<sup>st</sup> December were approved as a correct record.

### **92 PUBLIC QUESTIONS AND STATEMENTS**

None.

### **93 ITEMS OF URGENT BUSINESS**

None received.

### **94 DECLARATIONS OF INTEREST**

None.

### **95 MEMBERS' QUESTIONS**

None received.

### **96 RECOMMENDATIONS FROM OVERVIEW & SCRUTINY COMMITTEE**

There were no recommendations to Cabinet from the Overview & Scrutiny Committee meeting held on the 10<sup>th</sup> of December 2025.

**97 LEASES FOR THE FAKENHAM LEISURE AND SPORTS HUB (FLASH) PROJECT**

Cllr Shires introduced the report and explained that in order to service the FLASH project the electrical cabinet, that UK Power Networks service, would need to be upgraded.

The Chair invited questions from the Cabinet.

Cllr Toye wished to thank everyone involved for keeping the project going.

Cabinet **RESOLVED** unanimously to provide approval to:

- Grant a '99 years less one day' lease to UKPN for the construction and operation of a substation on Trap Lane land.
- Delegate approval to the Asset Strategy Manger or the Assistant Director for Finance and Assets to agree the exact terms of the above legal agreement.

**98 LOCAL AUTHORITY HOUSING FUND ROUND 4 – PURCHASE OF TEMPORARY ACCOMMODATION**

It was outlined by Cllr Boyle that it had been offered more funding to put towards temporary accommodation. There were two levels to this funding a £611,000 grant and a higher bid of £871,000 for which they had just applied for.

The Chair felt this would make a significant difference to many residents in need through temporary accommodation being located within the community.

The Chair invited questions from the Cabinet.

Cllr Toye wished to thank Cllr Boyle for her first Cabinet paper and he wished to comment that he approved in the way the recommendations were worded, baring in mind it might take some time for the result of the application towards the higher bid to be known.

Cabinet **RESOLVED** unanimously to the **Decision**

- Agrees to accept the £871,000 of Local Authority Housing Fund grant if successful in our higher bid, or (if not successful with the higher bid)
- Agrees to accept the £611,000 of Local Authority Housing Fund grant (as per the original offer)
- Uses the LAHF grant to part fund the purchase of four or six (dependent on level of grant secured) further units of temporary accommodation
- Gives delegated authority to the Section 151 Officer [or other member of Corporate Leadership Team] in consultation with the Portfolio Holder for Housing

and Peoples' Services, to agree the actual purchases of the properties (within the identified budget limits).

**99 EXCLUSION OF PRESS AND PUBLIC**

**100 PRIVATE BUSINESS**

None

The meeting ended at 10.06 am.

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Chairman

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## 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](#).

<b>Subject</b>	<b>Description</b>
<b>Employment, office, trade, profession or vocation</b>	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
<b>Sponsorship</b>	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.
<b>Contracts</b>	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the

	<p>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 —</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
<b>Land and Property</b>	<p>Any beneficial interest in land which is within the area of the council.</p> <p>‘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.</p>
<b>Licenses</b>	<p>Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer</p>
<b>Corporate tenancies</b>	<p>Any tenancy where (to the councillor’s knowledge)—</p> <p>(a) the landlord is the council; and</p> <p>(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.</p>
<b>Securities</b>	<p>Any beneficial interest in securities* of a body where—</p> <p>(a) that body (to the councillor’s knowledge) has a place of business or land in the area of the council; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(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</p>

	spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.
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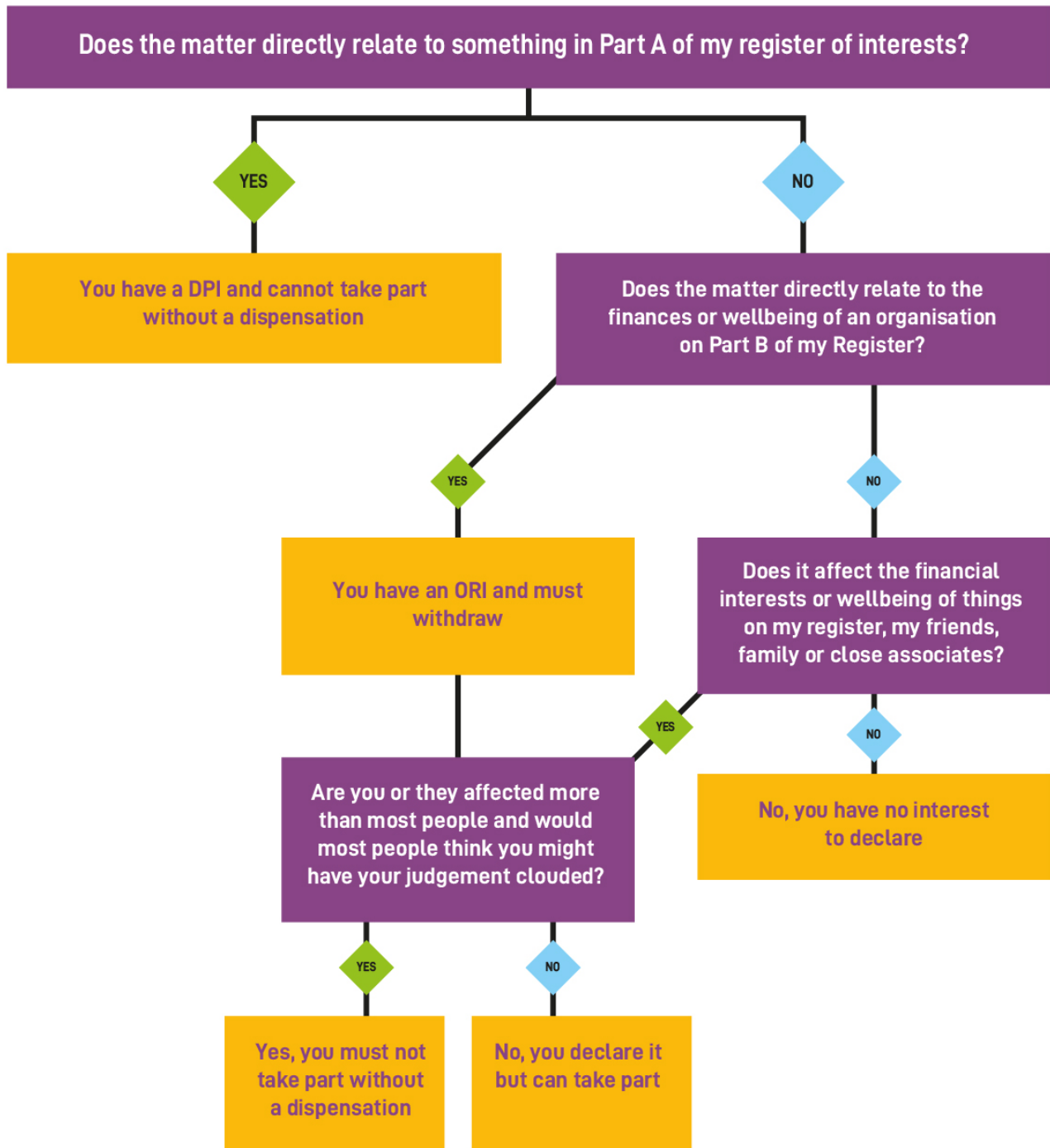
\* 'director' includes a member of the committee of management of an industrial and provident society.

\* '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)



<b>Capital Strategy Report 2026-27</b>	
<b>Executive Summary</b>	This report sets out the Council's Capital Strategy for the year 2026/27. 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.
<b>Options considered</b>	This report must be prepared to ensure the Council complies with the CIPFA Treasury Management and Prudential Codes.
<b>Consultation(s)</b>	Section 151 Officer
<b>Recommendations</b>	To recommend to Full Council that the Capital Strategy 2026/27 is approved.
<b>Reasons for recommendations</b>	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.
<b>Background papers</b>	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).
<b>Wards affected</b>	All
<b>Cabinet member(s)</b>	Cllr. Lucy Shires
<b>Contact Officer</b>	James Moore/Claire Waplington Technical Accountant/Chief Technical Accountant

## 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 2026/27 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 and referred to a director if of significant value/political implications.
- 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 is attached with this report as a supporting Appendix.

### **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. Using these funding sources can have a significant cost to the Revenue budgets which must be balanced from making additional savings if the costs cannot be fulfilled from annual budget increases.



- 6.2 The current Capital Programme is funded from external grants and contributions, capital receipts (funds from the disposal of assets), from the Council's own reserves, Revenue Contributions to Capital Outlay (RCCO), 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 income available for investing and any borrowing interest costs must be a 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 during the year of expenditure (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 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. These purchases are to be considered alongside the Council's Corporate Plan.

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 by funding new projects in the Capital Programme. 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. The Council will arrange regular surveys across its asset portfolio in order to identify areas for investment in terms of repairs and ongoing maintenance. This will provide information for 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 need to keep their knowledge up to date through; CPD schemes, workshops with professional advisors, other relevant bodies and networking with other authorities to share best practice. Information should be 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 (annuity). 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, spreading the cost over a longer period of time and reducing the burden on the Council's Revenue budget. The risk of this method is that MRP costs will escalate over time, leading to higher MRP costs in the long-term. The forecasted MRP costs should be reviewed and considered by the treasury and voluntary contributions (VRP) should be made in earlier years if feasible to reduce the future costs.

## 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).

Authorised Limit	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Authorised limit for borrowing	40.000	40.000	40.000	40.000
Authorised limit for other long-term liabilities	3.000	3.000	3.000	3.000
<b>Authorised limit for external debt</b>	<b>43.000</b>	<b>43.000</b>	<b>43.000</b>	<b>43.000</b>

### 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.

Operational Boundary	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Operational boundary for borrowing	30.000	30.000	30.000	30.000
Operational boundary for other long-term liabilities	2.000	2.000	2.000	2.000
<b>Operational boundary for external debt</b>	<b>32.000</b>	<b>32.000</b>	<b>32.000</b>	<b>32.000</b>

## 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.

Capital expenditure £m	2024/25 Actual	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Approved Capital Programme	25.702	38.328	9.461	2.300	2.000
Capital Bids to be Reviewed	-	-	4.480	2.030	3.170
<b>Total</b>	<b>25.702</b>	<b>38.328</b>	<b>13.941</b>	<b>4.330</b>	<b>5.170</b>

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 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.

	2024/25 Actual	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
<b>Capital Financing Requirement</b>	17.544	22.822	25.773	26.252	27.804
<b>Minimum Revenue Provision</b>	0.570	0.584	0.624	0.675	0.688

Financing of Capital Expenditure	2024/25 Actual	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Capital receipts	1.071	2.953	0.625	0.300	0.000
Capital grants	21.507	24.523	9.148	3.000	3.000
Capital contributions	1.240	3.780	0.375	0.000	0.000
Reserves	1.079	1.438	0.279	0.000	0.000
Revenue Contribution to Capital Outlay	0.000	0.020	0.000	0.000	0.000
Borrowing	0.805	5.614	3.514	1.030	2.170
<b>Total</b>	<b>25.702</b>	<b>38.328</b>	<b>14.746</b>	<b>4.330</b>	<b>5.170</b>

## 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.

	2024/25 Actual	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Financing cost (MRP)	0.570	0.584	0.624	0.675	0.688
Expected Net Revenue Stream (General Fund)	23.610	22.397	22.942	22.635	23.136
<b>Ratio</b>	<b>2.41%</b>	<b>2.61%</b>	<b>2.72%</b>	<b>2.98%</b>	<b>2.97%</b>

## 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:

*The capital strategy is an important element of financial planning that impacts the Budget and the Medium Term Financial Plan. External borrowing will be made when necessary and after alternatives including grants, capital receipts and internal borrowing have been considered.*

## 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 2026/27 to ensure the Council is compliant with the Prudential Codes.

## Capital Programme - Budget Monitoring 2025/26

Scheme	Scheme Total Approval	Pre 2025/26 Expenditure	Updated Budget	Actual Expenditure	Remaining Budget (Forecasted YE spend)	Budget	Budget	Budget	Budget	Budget
	£	£	2025/26 £	2025/26 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	2030/31 £
<b>Our Greener Future</b>										
Cromer Offices LED Lighting Programme	178,796	172,715	6,081	6,081	0	0	0	0	0	0
Cromer Coast Protection Scheme	19,534,841	18,438,774	1,096,067	1,037,656	58,411	0	0	0	0	0
Coastal Erosion Assistance (Grants)	90,000	76,664	13,336	0	13,336	0	0	0	0	0
Mundesley Coastal Management Scheme	8,699,998	7,560,192	1,139,806	716,083	423,724	0	0	0	0	0
Coastal Management Fund	950,000	108,250	591,750	11,230	580,520	250,000	0	0	0	0
Coastwise	14,609,914	1,213,564	7,248,638	916,702	6,331,937	6,147,712	0	0	0	0
Purchase of Bins	600,000	150,000	178,476	21,394	157,082	150,000	150,000	0	0	0
Electric Vehicle Charging Points	248,600	215,283	33,317	0	33,317	0	0	0	0	0
The Reef Solar Carport	596,000	530,820	65,180	819	64,361	0	0	0	0	0
Holt Country Park Electricity Improvements	400,000	163,832	236,168	1,750	234,418	0	0	0	0	0
Public Conveniences Energy Efficiencies	150,000	1,218	148,782	3,415	145,367	0	0	0	0	0
Coastal Defences	600,000	150,000	150,000	50,845	99,155	150,000	150,000	0	0	0
Fakenham Sports Centre Decarbonisation	514,300	0	171,400	15,000	156,400	342,900	0	0	0	0
Waste Vehicles & Food Waste Bins	1,972,750	16,750	1,956,000	0	1,956,000	0	0	0	0	0
Overstrand Seawall Works	1,280,000	0	1,280,000	0	1,280,000	0	0	0	0	0
			14,315,002	2,780,974	11,534,027	7,040,612	300,000	0	0	0

## Capital Programme - Budget Monitoring 2025/26

Scheme	Scheme Total Approval	Pre 2025/26 Expenditure	Updated Budget	Actual Expenditure	Remaining Budget (Forecasted YE spend)	Budget	Budget	Budget	Budget	Budget
	£	£	2025/26 £	2025/26 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	2030/31 £
<b>Developing Our Communities</b>										
Public Conveniences (Sheringham & North Walsham)	565,514	542,818	22,696	23,555	(859)	0	0	0	0	0
Public Conveniences - Albert Street, Holt	370,000	277,998	92,002	74,320	17,682	0	0	0	0	0
Cromer Pier - Steelworks and Improvements to Pavilion Theatre	1,384,000	1,086,033	297,967	0	297,967	0	0	0	0	0
North Walsham 3G Facility	860,000	12,432	847,568	0	847,568	0	0	0	0	0
Cromer 3G Football Facility	1,000,000	20,859	979,141	684,743	294,398	0	0	0	0	0
The Reef Leisure Centre	12,861,000	12,608,177	252,823	51,721	201,102	0	0	0	0	0
Green Road Football Facility (North Walsham)	60,000	9,777	50,223	0	50,223	0	0	0	0	0
New Play Area (Sheringham, The Lees)	120,000	48,571	71,429	71,889	(460)	0	0	0	0	0
Fakenham Leisure and Sports Hub (FLASH)	11,630,000	539,514	11,090,486	1,638,865	9,451,621	0	0	0	0	0
Back Stage Refurbishment - Pier Pavilion Theatre	405,000	388,335	16,665	16,468	197	0	0	0	0	0
Holt Country Park Staff Facilities	93,500	89,497	4,003	0	4,003	0	0	0	0	0
Cromer Church Wall	50,000	0	50,000	0	50,000	0	0	0	0	0
Cabbell Park Clubhouse	237,000	0	237,000	0	237,000	0	0	0	0	0
Itteringham Shop Roof Renovation	20,000	0	20,000	0	20,000	0	0	0	0	0
Holt Country Park Septic Tank	30,000	0	30,000	0	30,000	0	0	0	0	0
Public Conveniences Renovation, Holt Country Park	50,000	0	50,000	5,005	44,995	0	0	0	0	0
Holt Country Park Eco Learning Space	140,000	0	140,000	0	140,000	0	0	0	0	0
Holt Country Park Play Equipment	85,000	0	85,000	0	85,000	0	0	0	0	0
			14,337,003	2,566,566	11,770,437	0	0	0	0	0



## Capital Programme - Budget Monitoring 2025/26

Scheme	Scheme Total Approval	Pre 2025/26 Expenditure	Updated Budget	Actual Expenditure	Remaining Budget (Forecasted YE spend)	Budget	Budget	Budget	Budget	Budget
	£	£	2025/26 £	2025/26 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	2030/31 £
<b>Meeting Our Housing Needs</b>										
Disabled Facilities Grants	12,079,040	Annual Programme	2,079,040	689,178	1,389,863	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Compulsory Purchase of Long-Term Empty Properties	930,000	546,165	383,835	0	383,835	0	0	0	0	0
Community Housing Fund (Grants to Housing Providers)	2,054,373	1,425,212	629,161	160,000	469,161	0	0	0	0	0
Council Owned Temporary Accommodation	6,346,584	4,762,007	1,584,577	854,275	730,302	0	0	0	0	0
Housing S106 Enabling	2,500,000	1,136,000	1,064,000	0	1,064,000	300,000	0	0	0	0
Loans to Housing Providers	600,000	260,000	340,000	310,000	30,000	0	0	0	0	0
			6,080,613	2,013,452	4,067,161	2,300,000	2,000,000	2,000,000	2,000,000	2,000,000

## Capital Programme - Budget Monitoring 2025/26

Scheme	Scheme Total Approval	Pre 2025/26 Expenditure	Updated Budget	Actual Expenditure	Remaining Budget (Forecasted YE spend)	Budget	Budget	Budget	Budget	Budget
	£	£	2025/26 £	2025/26 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	2030/31 £
<b>Investing In Our Local Economy And Infrastructure</b>										
Rocket House	1,077,085	224,638	852,447	137,998	714,449	0	0	0	0	0
Property Acquisitions	710,000	9,133	700,868	0	700,868	0	0	0	0	0
Chalet Refurbishment	125,000	72	124,928	15,242	109,686	0	0	0	0	0
Marrams Building Renovation	50,000	3,487	46,513	0	46,513	0	0	0	0	0
Car Parks Refurbishment	601,000	129,200	411,800	16,523	395,276	60,000	0	0	0	0
Marrams Footpath and Lighting	290,000	52,627	237,373	7,975	229,398	0	0	0	0	0
Asset Roof Replacements (Art Deco Block, Red Lion Retail Unit, Sheringham Chalet's)	165,351	75,138	90,213	74,945	15,269	0	0	0	0	0
UK Shared Prosperity Fund	474,196	399,403	74,793	15,000	59,793	0	0	0	0	0
Rural England Prosperity Fund	1,895,110	1,457,851	437,259	407,537	29,722	0	0	0	0	0
New Fire Alarm and Fire Doors in Cromer Offices	150,000	149,214	786	400	386	0	0	0	0	0
West Prom Sheringham, Lighting & Cliff Railings	55,000	0	55,000	25,113	29,887	0	0	0	0	0
Collectors Cabin Roof	30,000	375	29,625	15,975	13,650	0	0	0	0	0
Sunken Gardens Improvements, Marrams, Cromer	150,000	0	150,000	1,260	148,740	0	0	0	0	0
Weybourne Car Park Improvements	20,000	0	20,000	15,000	5,000	0	0	0	0	0
			<b>3,231,603</b>	<b>732,968</b>	<b>2,498,635</b>	<b>60,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Capital Programme - Budget Monitoring 2025/26

Scheme	Scheme Total Approval	Pre 2025/26 Expenditure	Updated Budget	Actual Expenditure	Remaining Budget (Forecasted YE spend)	Budget	Budget	Budget	Budget	Budget
	£	£	2025/26 £	2025/26 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	2030/31 £
<b>A Strong, Responsible And Accountable Council</b>										
User IT Hardware Refresh	300,000	180,000	60,000	15,037	44,963	60,000	0	0	0	0
New Revenues and Benefits System	200,720	0	200,720	200,000	720	0	0	0	0	0
Customer Services C3 Software	32,600	0	32,600	23,375	9,225	0	0	0	0	0
Property Services Asset Management Database	30,000	0	30,000	9,900	20,100	0	0	0	0	0
Replacement of Uninterruptible Power Supply	40,000	0	40,000	0	40,000	0	0	0	0	0
			<b>363,320</b>	<b>248,312</b>	<b>115,008</b>	<b>60,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Totals</b>			<b>38,327,541</b>	<b>8,342,273</b>	<b>29,985,268</b>	<b>9,460,612</b>	<b>2,300,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>

2025/26 Capital Programme Financing Table	Budget 2025/26	Actual Expenditure 2025/26	Remaining Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Budget 2029/30	Budget 2030/31
Grants	24,523,160	6,230,574	18,292,586	8,147,712	2,000,000	2,000,000	2,000,000	2,000,000
Other Contributions	3,780,000	776,564	3,003,436	300,000	0	0	0	0
Reserves	1,438,049	366,623	1,071,426	278,600	0	0	0	0
Revenue Contribution to Capital (RCCO)	20,000	15,000	5,000	0	0	0	0	0
Capital receipts	2,952,942	683,903	2,269,039	610,000	300,000	0	0	0
Borrowing	5,613,390	269,609	5,343,781	124,300	0	0	0	0
<b>Total</b>	<b>38,327,541</b>	<b>8,342,273</b>	<b>29,985,268</b>	<b>9,460,612</b>	<b>2,300,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>

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## Capital Bids 2026/27

Scheme	Total Scheme Cost £	Budget 2026/27 £	Budget 2027/28 £	Budget 2028/29 £	Budget 2029/30 £
<b>Our Greener Future</b>					
Environmental Services Infrastructure Upgrade	760,000	760,000	0	0	0
NNDC Cromer Office Solar Panels	60,000	60,000	0	0	0
<b>Developing our Communities</b>					
Play Area Equipment	120,000	120,000	0	0	0
Cromer Pier Substructure Works	3,670,000	470,000	1,030,000	2,170,000	0
Cromer Pier Fire Service Dry Riser	100,000	100,000	0	0	0
Melbourne Slope, Cromer Public Realm & Shelter	30,000	30,000	0	0	0
Newgate Lane, Wells, Public Conveniences	40,000	40,000	0	0	0
<b>Meeting our Housing Needs</b>					
Purchase of Temporary Accommodation	4,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Investing In Our Local Economy And Infrastructure</b>					
Cornish Way Industrial Units Roof Renovations	500,000	500,000	0	0	0
Fakenham Connect Roof and Fire Doors	100,000	100,000	0	0	0
The Watch House Cliff Stabilisation Works	400,000	400,000	0	0	0
North Lodge Car Park	250,000	250,000	0	0	0
The Cedars Renovations	240,000	240,000	0	0	0
Car Park Improvements	325,000	325,000	0	0	0
Drs Steps, Cromer	70,000	70,000	0	0	0
<b>Investing In Our Local Economy And Infrastructure</b>					
Reprographics Guillotine	15,000	15,000	0	0	0
<b>Total Capital Bids</b>	<b>10,680,000</b>	<b>4,480,000</b>	<b>2,030,000</b>	<b>3,170,000</b>	<b>1,000,000</b>

Capital Programme Financing	Budget 2026/27 £	Budget 2027/28 £	Budget 2028/29 £	Budget 2029/30 £
Grants	1,000,000	1,000,000	1,000,000	1,000,000
Other Contributions	75,000	0	0	0
Asset Management Reserve	0	0	0	0
Major Projects Reserve	0	0	0	0
Delivery Plan Reserve	0	0	0	0
Capital Projects Reserve	0	0	0	0
Net Zero Reserve	0	0	0	0
Second Homes Premium	0	0	0	0

<b>Scheme</b>	<b>Total Scheme Cost £</b>	<b>Budget 2026/27 £</b>	<b>Budget 2027/28 £</b>	<b>Budget 2028/29 £</b>	<b>Budget 2029/30 £</b>
Revenue Contribution to Capital (RCCO)		0	0	0	0
Capital Receipts		15,000	0	0	0
Internal / External Borrowing		3,390,000	1,030,000	2,170,000	0
<b>TOTAL FINANCING</b>		<b>4,480,000</b>	<b>2,030,000</b>	<b>3,170,000</b>	<b>1,000,000</b>
<b>Total requested costs</b>		<b>10,680,000</b>			

<b>Treasury Management Strategy Report 2026/27</b>	
<b>Executive Summary</b>	This report sets out the Council's Treasury Management Strategy for the year 2026/27. 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.
<b>Options considered</b>	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).
<b>Consultation(s)</b>	Portfolio Holder Section 151 Officer  This report has been prepared with the assistance of Link Treasury Services, the Council's Treasury Management advisors.
<b>Recommendations</b>	To recommend to Full Council that the Treasury Management Strategy 2026/27 is approved.
<b>Reasons for recommendations</b>	Approval by Full Council demonstrates compliance with the Prudential Codes to ensure. <ul style="list-style-type: none"> <li>• A flexible investment strategy enabling the Council to respond to changing market conditions.</li> <li>• Ensure compliance with CIPFA and MHCLG guidance.</li> <li>• Confirming capital resources available for delivery of the Council's capital programme.</li> </ul> <p>It is a requirement that any proposed changes to the prudential indicators are approved by Full Council.</p>
<b>Background papers</b>	The Council's Treasury Management Strategy 2025/26.  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).

<b>Wards affected</b>	All
<b>Cabinet member(s)</b>	Cllr. Lucy Shires
<b>Contact Officer</b>	James Moore/Claire Waplington Technical Accountant/Chief Technical Accountant

<b>Links to key documents:</b>	
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

<b>Corporate Governance:</b>	
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 2026/27 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 2026/27 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 2026/27 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 and Annual Investment Strategy**

**2026/27**

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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 Authority, 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 an authority's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

### **The revised Treasury Management Code requires an authority 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 authority.
- 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 authority's integrated revenue, capital and balance sheet monitoring.

**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. An authority 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 authority, 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).

**An authority's Capital Strategy or Annual Investment Strategy should include: -**

1. The authority's approach to investments for service or commercial purposes (together referred to as non-treasury investments), including defining the authority'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 authority'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 authority'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 an authority must not borrow to invest primarily for financial return.

As this TMSS and AIS deals solely with treasury management investments, the categories of service delivery and commercial investments should be addressed as part of the Capital Strategy report.

However, as investments in commercial property have implications for cash balances managed by the treasury team, it will be for each authority to determine whether to add a high level summary of the impact that commercial investments have, or may have, if it is planned to liquidate such investments within the three year time horizon of this report, (or a longer time horizon if that is felt appropriate).

## 1.1 Background

The Authority 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 Authority'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 Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, 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 Authority 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 authority'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 Authority'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 Authority 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 Authority will receive quarterly update reports.
- c. **An annual treasury 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. Another member body must be chosen to review any reports before they are sent to Full Council

### 1.3 Quarterly reports

In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June/end of December) has also been required. These should provide an update on prudential indicators, borrowing and investment positions, compliance with approved limits and strategy, performance against budget, and any significant risks or breaches.

#### Treasury Management Strategy for 2026/27

The strategy for 2026/27 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 Authority
- 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, MHCLG Investment Guidance, 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.

#### **1.5 Treasury Management Consultants**

The Authority uses MUFG Corporate Markets as its external treasury management advisors.

The Authority 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 Authority 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 2026/27 – 2028/29

The Authority'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 Authority'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	2024/25 Actual	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Approved Capital Programme	25.702	38.328	9.461	2.300	2.000
Capital Bids to be Reviewed	-	-	4.480	2.030	3.170
<b>Total</b>	<b>25.702</b>	<b>38.328</b>	<b>13.941</b>	<b>4.330</b>	<b>5.170</b>

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 table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

**Table A. Current 2025/26 Capital Programme financing:**

Financing of capital expenditure £m	2024/25 Actual	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
<b>Total Capital Expenditure (approved)</b>	<b>25.702</b>	<b>38.328</b>	<b>9.461</b>	<b>2.300</b>	<b>2.000</b>
Capital receipts	1.071	2.953	0.610	0.300	0.000
Capital grants	21.507	24.523	8.148	2.000	2.000
Capital contributions	1.240	3.780	0.300	0.000	0.000
Reserves	1.079	1.438	0.279	0.000	0.000
Revenue Contribution to Capital Outlay	0.000	0.020	0.000	0.000	0.000
<b>Net financing need for the year (Borrowing)</b>	<b>0.805</b>	<b>5.614</b>	<b>0.124</b>	<b>0.000</b>	<b>0.000</b>

**Table B. 2026/27 Capital Bids to be reviewed:**

Financing of capital expenditure £m	2024/25 Actual	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
<b>Total Capital Expenditure (new bids)</b>	<b>0.000</b>	<b>0.000</b>	<b>5.285</b>	<b>2.030</b>	<b>3.170</b>
Capital receipts	0.000	0.000	0.015	0.000	0.000
Capital grants	0.000	0.000	1.000	1.000	1.000
Capital contributions	0.000	0.000	0.075	0.000	0.000
Reserves	0.000	0.000	0.000	0.000	0.000
Revenue Contribution to Capital Outlay	0.000	0.000	0.000	0.000	0.000
<b>Net financing need for the year (Borrowing)</b>	<b>0.000</b>	<b>0.000</b>	<b>3.390</b>	<b>1.030</b>	<b>2.170</b>

**Table C. Project 2026/27 Capital Programme assuming all new bids approved:**

Financing of capital expenditure £m	2024/25 Actual	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
<b>Total Capital Expenditure (all)</b>	<b>25.702</b>	<b>38.328</b>	<b>14.746</b>	<b>4.330</b>	<b>5.170</b>
Capital receipts	1.071	2.953	0.625	0.300	0.000
Capital grants	21.507	24.523	9.148	3.000	3.000
Capital contributions	1.240	3.780	0.375	0.000	0.000
Reserves	1.079	1.438	0.279	0.000	0.000
Revenue Contribution to Capital Outlay	0.000	0.020	0.000	0.000	0.000
<b>Net financing need for the year (Borrowing)</b>	<b>0.805</b>	<b>5.614</b>	<b>3.514</b>	<b>1.030</b>	<b>2.170</b>

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

The second prudential indicator is the Authority'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 Authority'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, leases). Whilst these increase the CFR, and therefore the Authority's borrowing requirement, these types of schemes include a borrowing facility by the PFI, PPP lease provider and so the Authority is not required to separately borrow for these schemes. The Authority currently has £0.310m of such schemes within the CFR as shown in the 2024/25 outturn figures in the table below.

The Authority is asked to approve the CFR projections below:

**Table A. CFR projections based on current Capital Programme:**

£m	2024/25 Actual	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
<b>Capital Financing Requirement</b>					
<b>Total CFR</b>	<b>17.544</b>	<b>22.822</b>	<b>22.507</b>	<b>21.979</b>	<b>21.393</b>
Movement in CFR (see below)	0.545	5.278	(0.315)	(0.528)	(0.586)

<b>Movement in CFR calculation:</b>					
Net financing need for the year (from tables in 2.1)	0.805	5.614	0.124	0.000	0.000
Add Finance Leases	0.310	0.248	0.185	0.124	0.070
Less MRP	(0.507)	(0.522)	(0.563)	(0.597)	(0.615)
Less Finance Lease Repayments	(0.063)	(0.062)	(0.061)	(0.055)	(0.041)
<b>Movement in CFR</b>	<b>0.545</b>	<b>5.278</b>	<b>(0.315)</b>	<b>(0.528)</b>	<b>(0.586)</b>

**Table B. CFR projections if all new capital bids approved:**

£m	2024/25 Actual	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
<b>Capital Financing Requirement</b>					
<b>Total CFR</b>	<b>17.544</b>	<b>22.822</b>	<b>25.773</b>	<b>26.252</b>	<b>27.804</b>
<b>Movement in CFR</b>	<b>0.545</b>	<b>5.278</b>	<b>2.951</b>	<b>0.479</b>	<b>1.552</b>

<b>Movement in CFR represented by</b>					
Net financing need for the year (from tables in 2.1)	0.805	5.614	3.390	1.030	2.170
Add Finance Leases	0.310	0.248	0.185	0.124	0.070
Less MRP	(0.507)	(0.522)	(0.563)	(0.620)	(0.647)
Less Finance Lease Repayments	(0.063)	(0.062)	(0.061)	(0.055)	(0.041)
<b>Movement in CFR</b>	<b>0.545</b>	<b>5.278</b>	<b>2.951</b>	<b>0.479</b>	<b>1.552</b>

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 of 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 £5m actual long-term external borrowing with temporary short-term borrowing only required for short durations during the financial year (peaks and troughs in the Council's cashflow). On this basis it is assumed that the Council's cashflow can cover £12.544m of internal borrowing within its current resources as calculated below.

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

Planned Long-Term External borrowing & Estimate £m	2024/25 Actual	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Forecasted CFR (above)	17.544	22.822	22.507	21.979	21.393
<b>Actual Long-Term External Borrowing</b>	<b>5.000</b>	<b>5.000</b>	<b>5.000</b>	<b>0.000</b>	<b>0.000</b>
Assumed Internal Borrowing (capacity increase 2% year on year from 2024/25 actual)	12.544	12.795	13.051	13.312	13.578
<b>Potential Unrealised External Borrowing Requirement</b> <i>(Forecasted CFR – actual borrowing – forecasted internal borrowing capacity).</i>	<b>0.000</b>	<b>5.027</b>	<b>4.456</b>	<b>8.667</b>	<b>7.815</b>

The above table shows that with the Council's forecasted 2025/26 capital programme, the treasury will likely be required to increase the Council's external borrowing to £10.000m from the current £5.000m (£5.000m + £5.027m). This is only if all the approved 2025/26 projects are completed in 2025/26, as any project delays will also delay borrowing retrospectively. In future years, this borrowing need decreases gradually (down from £10.000m to £9.456m in 2026/27 this is shown in the above table as £5.000m+£4.456m, then £8.667m in 2027/28 and £7.815m in 2028/29).

This forecast shows that although borrowing is expected to increase, the Council is actively reducing its borrowing costs over time through appropriate MRP contributions.

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

<b>Planned Long-Term External borrowing &amp; Estimate £m</b>	<b>2024/25 Actual</b>	<b>2025/26 Estimate</b>	<b>2026/27 Estimate</b>	<b>2027/28 Estimate</b>	<b>2028/29 Estimate</b>
Forecasted CFR (above)	17.544	22.822	25.773	26.252	27.804
<b>Actual Long-Term External Borrowing</b>	<b>5.000</b>	<b>5.000</b>	<b>5.000</b>	<b>0.000</b>	<b>0.000</b>
Assumed Internal Borrowing (capacity increase 2% year on year from 2024/25 actual)	12.544	12.795	13.051	13.312	13.578
<b>Potential Unrealised External Borrowing Requirement</b> <i>(Forecasted CFR – actual borrowing – forecasted internal borrowing capacity).</i>	<b>0.000</b>	<b>5.027</b>	<b>7.722</b>	<b>12.940</b>	<b>14.226</b>

The above table shows that with the Council's forecasted capital programme plus 2026/27 capital bids; the treasury will likely be required to renew the current £5.000m external borrowing for 2025/26. But then would then need to increase this to £10.027m in 2025/26 (£5.000m + £5.027m) if all capital projects are delivered in the year. This is then expected to increase to a £12.722m (£5.000m + £7.722m) borrowing need in 2026/27. In future years, this borrowing need increases to £14.226m by 2028/29 if all of the Council's approved capital projects are delivered.

Therefore, if all capital bids for 2026/27 are approved, the Council would need to make appropriate revenue provisions to fund approximately one and half times the borrowing interest costs incurred from 2024/25 in 2026/27 and then double borrowing interest costs in 2028/29 compared to 2024/25.

These borrowing costs are all subject to the interest rates at the time of taking out long-term loans.

### **2.3 Liability Benchmark**

The Authority 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 Authority'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 Authority'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.

<b>Year End Resources £m</b>	<b>2024/25 Actual</b>	<b>2025/26 Estimate</b>	<b>2026/27 Estimate</b>	<b>2027/28 Estimate</b>	<b>2028/29 Estimate</b>
Reserves	16.502	16.543	16.765	17.294	17.892
Capital receipts	2.386	0.051	1.091	1.941	2.391
<b>Total core funds</b>	<b>18.888</b>	<b>16.594</b>	<b>17.856</b>	<b>19.235</b>	<b>20.283</b>
Working capital (housing loans remaining balance)	1.853	1.762	1.466	1.170	0.872
<b>Expected Total Investments</b>	<b>20.741</b>	<b>18.356</b>	<b>19.322</b>	<b>20.405</b>	<b>21.155</b>

The Council's current capital programme has all current and future capital receipts allocated to fund existing 2025/26 capital projects. The Council has a small amount of capital receipt funded projects in 2026/27 and future years, however these are expected to use up all of the capital receipts anticipated to be received from the sale of Council owned assets. It is anticipated that there will be minimal surplus capital receipts funding available to fund new capital projects in 2026/27 and future years unless the Councils makes new plans to sell assets.

## **2.5 Minimum Revenue Provision (MRP) Policy Statement**

Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Authority 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 Authority 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. An authority 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 an authority 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 Authority 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:

- 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:

- Asset life method (annuity)

Regulation 27(3) allows a local authority to charge MRP in the financial year following the one in which capital expenditure finance by debt was incurred.

For example, capital expenditure financed by borrowing in 2025/26 will not be subject to an MRP charge until 2026/27, or in the financial year following the one which the asset first becomes available for use.

The Authority will apply the asset life method for any expenditure capitalised under a Capitalisation Direction.

### **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 authority 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; 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 authority 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 authority 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 authority 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 authority to another entity for a purpose which, if the authority 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 authority may choose not to charge MRP in respect of the financing by debt of a loan issued by an authority 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 authority 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 an Authority 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 an authority 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.

The Council has not made any VRP overpayments up to 31/03/25.



### 3. BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Authority. The treasury management function ensures that the Authority's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Authority'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 31.3.25 and for the position as at 30.11.25 is shown below for both borrowing and investments.

TREASURY PORTFOLIO				
	actual 31.3.25	Actual 31.3.25	current 30.11.25	current 30.11.25
Treasury investments	£000	% of portfolio	£000	% of portfolio
Money Market Funds	5,317	21%	15,887	44%
<b>Total managed in house</b>	<b>5,317</b>	<b>21%</b>	<b>15,887</b>	<b>44%</b>
Bond Funds	5,000	20%	5,000	14%
Equity Funds	4,000	16%	4,000	11%
Property Funds	5,000	20%	5,000	14%
Multi-Asset Funds	6,000	23%	6,000	17%
<b>Total managed externally</b>	<b>20,000</b>	<b>79%</b>	<b>20,000</b>	<b>56%</b>
<b>Total treasury investments</b>	<b>25,317</b>	<b>100%</b>	<b>35,887</b>	<b>100%</b>
<b>Treasury external borrowing</b>				
Long-Term PWLB	5,000	71%	5,000	100%
Short-Term Local Authorities	2,000	29%	0,000	0%
<b>Total external borrowing</b>	<b>7,000</b>	<b>100%</b>	<b>5,000</b>	<b>100%</b>
<b>Net treasury investments / (borrowing)</b>	<b>18,317</b>		<b>30,887</b>	

The Authority'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.

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

£m	2024/25 Actual	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
<b>External debt</b>					
Debt as of 1 April	11.700	7.000	5.000	0.000	0.000
Known repayments of debt	(4.700)	(2.000)	(5.000)	0.000	0.000
<b>Actual gross debt on 31 March</b>	<b>7.000</b>	<b>5.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
The Capital Financing Requirement	17.544	22.822	22.507	21.979	21.393
<b>Under / (over) borrowing</b>	<b>10.544</b>	<b>17.822</b>	<b>22.507</b>	<b>21.979</b>	<b>21.393</b>

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

£m	2024/25 Actual	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
<b>External Debt</b>					
Debt as of 1 April	11.700	7.000	5.000	0.000	0.000
Known changes in Debt	(4.700)	(2.000)	(5.000)	0.000	0.000
<b>Actual gross debt on 31 March</b>	<b>7.000</b>	<b>5.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
The Capital Financing Requirement	17.544	22.822	25.773	26.252	27.804
<b>Under / (over) borrowing</b>	<b>10.544</b>	<b>17.822</b>	<b>25.773</b>	<b>26.252</b>	<b>27.804</b>

Table A shows that with the authorities' current capital programme; levels of external debt can be reduced overtime with the Council's current MRP provision.

Table B shows that with the additional capital bids there will be a larger increase in CFR and under borrowing which indicates that an increased amount of external borrowing may be needed to finance the additional capital programme projects completed in future years.

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.

It is the current view that this prudential indicator 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	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Debt	30.000	30.000	30.000	30.000
Other long-term liabilities	2.000	2.000	2.000	2.000
<b>Total</b>	<b>32.000</b>	<b>32.000</b>	<b>32.000</b>	<b>32.000</b>

**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 authority plans, or those of a specific authority, although this power has not yet been exercised.
- The Authority is asked to approve the following Authorised Limit with no change from the prior year. This is a long-term borrowing figure of £30m (operational boundary) plus an additional amount of short-term borrowing of £10m. If the authorised limit is exceeded, 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	3.000	3.000	3.000	3.000
<b>Total</b>	<b>28.000</b>	<b>43.000</b>	<b>43.000</b>	<b>43.000</b>

### 3.3 Prospects for Interest Rates

The Authority has appointed MUFG Corporate Markets as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. MUFG Corporate Markets provided the following forecasts on 22 December 2025. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

MUFG Corporate Markets Interest Rate View 22.12.25													
	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
<b>BANK RATE</b>	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
<b>3 month ave earnings</b>	3.80	3.50	3.50	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
<b>6 month ave earnings</b>	3.80	3.50	3.50	3.40	3.30	3.30	3.30	3.40	3.40	3.40	3.40	3.40	3.40
<b>12 month ave earnings</b>	3.90	3.60	3.60	3.50	3.40	3.50	3.50	3.50	3.50	3.50	3.60	3.60	3.60
<b>5 yr PWLB</b>	4.60	4.50	4.30	4.20	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
<b>10 yr PWLB</b>	5.20	5.00	4.90	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60	4.60	4.70
<b>25 yr PWLB</b>	5.80	5.70	5.60	5.50	5.50	5.40	5.30	5.30	5.30	5.20	5.20	5.20	5.20
<b>50 yr PWLB</b>	5.60	5.50	5.40	5.30	5.30	5.20	5.10	5.10	5.10	5.00	5.10	5.00	5.00

Additional notes by MUFG Corporate Markets on this forecast table: -

- Our last interest rate forecast update was undertaken on 11 August. Since then, a combination of tepid growth (0.2% q/q GDP for Q2 and 0.1% q/q GDP for Q3), falling inflation (currently CPI is 3.2%), and a November Budget that will place more pressure on the majority of households' income, has provided an opportunity for the Bank of England's Monetary Policy Committee to further reduce Bank Rate from 4% to 3.75% on 18 December.
- Surprisingly, to most market commentators, the recent steep fall in CPI inflation in one month from 3.6% to 3.2% did not persuade most "dissenters" from the November vote (Lombardelli, Greene, Mann and Pill) to switch to the rate-cutting side of the Committee. Instead, it was left to Bank Governor, Andrew Bailey, to use his deciding vote to force a rate cut through by the slimmest of margins, 5-4.
- Given the wafer-thin majority for a rate cut it was not unexpected to hear that although rates would continue on a "gradual downward path", suggesting a further rate cut or cuts in the offing, MPC members want to assess incoming evidence on labour market activity and wage growth. Indeed, with annual wage growth still over 4.5%, the MPC reiterated that the case for further rate cuts would be "a closer call", and Governor Bailey observed there is "limited space as Bank Rate approaches a neutral level".
- Accordingly, the MUFG Corporate Markets forecast has been revised to price in a rate cut in Q2 2026 to 3.5%, likely to take place in the wake of a significant fall in the CPI inflation reading from 3% in March to 2% in April (as forecast by Capital Economics), followed by a short lull through the summer whilst more data is garnered, and then a further rate cut to 3.25% in Q4.
- As in August, nonetheless, threats to that central scenario abound. What if wage increases remain stubbornly high? There are, after all, several sectors of the domestic economy, including social care provision and the building/construction industries, where staff shortages remain severe. Moreover, by May 2026, following the local elections, we will have a better handle on whether or not the Starmer/Reeves team is going to see out the current Parliament or whether they face a Leadership challenge from within their own party. If so, how will gilt markets react to these variables...and will there be additional geo-political factors to also bake in, particularly the Fed's monetary policy decisions in 2026 and the ongoing battle to lower rates whilst inflation remains close to 3%.
- Accordingly, our updated central forecast is made with several hefty caveats. We are confident, as we have been for some time, that our forecast for Bank Rate and the 5-year PWLB Certainty Rate is robust, and we have marginally brought forward the timing of the next rate cut(s). But for the 10-, 25- and 50-years part of the curve, the level of gilt issuance, and the timing of its placement, will be integral to achieving a benign trading environment. That is not a "given", and additionally, the inflation outlook and political factors domestically

and, crucially, in the US, are also likely to hold sway. Matters should be clearer by June in the UK, but the US mid-term elections are scheduled for November.

- Our revised PWLB rate forecasts 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) and is set to prevail until at least the end of March 2026. Hopefully, there will be a further extension to this discounted rate announced in January.
- Money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.

### 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 generally to the upsides. Our 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 borrowing	Current borrowing rates as at 22.12.25 p.m. %	Target borrowing rate now (end of Q4 2027) %	Target borrowing rate previous (end of Q4 2027) %
5 years	4.81	4.10	4.20
10 years	5.39	4.70	4.70
25 years	6.01	5.30	5.30
50 years	5.78	5.10	5.10

**Borrowing advice:** Our long-term (beyond 10 years) forecast for the neutral level of Bank Rate remains at 3.5%. As all PWLB certainty rates are still 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 (<5 years PWLB maturity/<10 years PWLB EIP) and short-dated fixed LA to LA monies should also be considered. Temporary borrowing rates will, generally, fall in line with Bank Rate cuts.

Our suggested **budgeted earnings rates for investments** up to about three months' duration in each financial year are set out below.

Average earnings in each year	Now %	Previously %
2025/26 (residual)	3.80	3.90
2026/27	3.40	3.60
2027/28	3.30	3.30
2028/29	3.30	3.50
2029/30	3.50	3.50
Years 6-10	3.50	3.50
Years 10+	3.50	3.50

We will continue to monitor economic and market developments as they unfold. Typically, we formally review our forecasts 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.

Our 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 Authority 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 Authority'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 2026 even if further rate cuts arise.

Against this background and the risks within the economic forecast, caution will be adopted with the 2026/27 treasury operations. The Treasury 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 Authority is required to consider its policy concerning borrowing in advance of need.

The Authority will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated, and that the Authority can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

### **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. If rescheduling is to be undertaken, it will be reported to the Cabinet at the earliest meeting following its action. 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.

### **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 may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – generally still cheaper than the Certainty Rate).

- Financial institutions (primarily insurance companies and pension funds but also some banks, and sometimes out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

### 3.8 Approved Sources of Long and Short-term Borrowing

<b>On Balance Sheet</b>	<b>Fixed</b>	<b>Variable</b>
PWLB	●	●
Local Authorities	●	●
Banks	●	●
Pension Funds	●	●
Fire Authorities	●	●
Police Authorities	●	●
Internal (capital receipts & revenue balances)	●	●
Leases	●	●

## 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). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy, (a separate report).

The Authority’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 Authority’s investment priorities will be security first, portfolio liquidity second and then yield (return). The Authority will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with regard to the Authority’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 Authority 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 Authority 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 Authority 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 Authority 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 15% to prevent treasury liquidity risks arising from administering housing loans. This equates to a maximum amount of loan investment of £3.8m 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 Authority 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 Authority 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 Authority 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 under IFRS 9, this Authority 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 override to **31.3.29** was agreed by Government but only for those pooled investments made before 1<sup>st</sup> of April 2024. This Authority has no pooled investments made after the 1<sup>st</sup> of April 2024.

However, this Authority 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 unchanged 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 Authority applies the creditworthiness service provided by the MUFG Corporate Markets. 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 Authority to determine the suggested duration for investments. The Authority 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 MUFG Corporate Markets 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 Authority 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. The Authority is alerted to changes to ratings of all three agencies through its use of the MUFG Corporate Markets creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Authority 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 MUFG Corporate Markets. Extreme market movements may result in the downgrade of an institution or removal from the Authority's lending list.

Sole reliance will not be placed on the use of this external service. In addition, this Authority 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
<b>UK Government/DMA DF</b>	n/a	Unlimited	Unlimited	Unlimited
<b>Local authorities</b>	n/a	£13,000,000	£4,200,000	25 years
<b>Other institutions limit</b>	-	£3,800,000	£1,900,000	5 years
<b>Banks</b>	Yellow	Unlimited	£1,900,000	5 yrs

Banks	Purple	Unlimited	£1,900,000	2 yrs
Banks	Orange	Unlimited	£1,900,000	1 yr
Banks – part nationalised	Blue	Unlimited	£1,900,000	1 yr
Banks	Red	Unlimited	£1,900,000	6 mths
Banks	Green	Unlimited	£1,900,000	100 days
Banks	No Colour	Unlimited	Nil	No investment
Limit 3 category – Authority’s banker (where “No Colour”)	n/a	Unlimited	£2,000,000	Unlimited
Housing associations	Colour bands	£3,800,000	£3,800,000	As per colour band
	Fund rating	Sector Limit	Transaction/ Counterparty limit	Time Limit
Money Market Funds	AA+	£26,600,000	£3,800,000	liquid
Strategic Pooled Funds	AA+	£30,400,000	£5,000,000	Redemption no more than 7 days
Covered Bonds	AA+	£30,400,000	£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. MUFG Corporate Markets monitor CDS prices as part of their creditworthiness service to local authorities and the Authority has access to this information via its MUFG Corporate Markets-provided Passport portal.

### 4.3 Limits

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

- Non-specified treasury management investment limit.** The Authority 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 association 10% limit in the table below).
- Country limit.** The Authority 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 cashflow 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 rates can be expected to fall throughout 2026, but only if the CPI measure of inflation maintains a downwards trend towards the Bank of England's 2% target. Rates may be cut quicker than expected if the economy stagnates.

Accordingly, while most cash balances are required in order to manage the ups and downs of cashflow, 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 3.25% in 2027.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year were updated on 11 August 2025 and are as follows:

<i>Average earnings in each year</i>	<i>Now</i> %	<i>Previously</i> %
<b>2025/26 (residual)</b>	3.90	4.10
<b>2026/27</b>	3.60	3.60
<b>2027/28</b>	3.30	3.50
<b>2028/29</b>	3.50	3.50
<b>2029/30</b>	3.50	3.50
<b>Years 6-10</b>	3.50	3.50
<b>Years 10+</b>	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 the above interest rate forecast from the treasury advisors.

For its cashflow generated balances, the Authority will seek to utilise its business reserve instant access and notice accounts Money Market Funds in order to benefit from the compounding of interest in current economic climate.

#### **Changes of investment strategy**

The Council does not intend to make any major changes to its investment portfolio in 2026/27. 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 Authority'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 association as listed in the table above under creditworthiness.

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

<b>Upper limit for principal sums invested for longer than 365 days (£m)</b>			
	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Principal sums invested for longer than 365 days	34,200,000	34,200,000	34,200,000
Current investments as at 30.11.25 in excess of 1 year maturing in each year	21,761,672	21,466,396	21,169,917

#### **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 Authority'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 Authority 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 Authority will report on its investment activity as part of its Annual Treasury Outturn Report.

#### **4.7 External Fund Managers**

£20.000m of the Authority'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. Prudential and treasury indicators
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 2026/27 – 2028/29

The Authority'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	2024/25 Actual	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Approved Capital Programme	25.702	38.328	9.461	2.300	2.000
Capital Bids to be Reviewed	-	-	4.480	2.030	3.170
<b>Total</b>	<b>25.702</b>	<b>38.328</b>	<b>13.941</b>	<b>4.330</b>	<b>5.170</b>

### 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 Authority's overall finances. The Authority 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. Ratio of Financing Costs to Net Revenue Stream based on current Capital Programme:**

£m	2024/25 Actual	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Less MRP	0.570	0.584	0.624	0.652	0.656
Expected Net Revenue Stream (General Fund)	23.610	22.397	22.942	22.635	23.136
<b>% Ratio of Financing Costs to Net Revenue Stream</b>	<b>2.41%</b>	<b>2.61%</b>	<b>2.72%</b>	<b>2.88%</b>	<b>2.84%</b>

**Table B. Ratio of Financing Costs to Net Revenue Stream if all new capital bids approved:**

£m	2024/25 Actual	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
MRP	0.570	0.584	0.624	0.675	0.688
Expected Net Revenue Stream (General Fund)	23.610	22.397	22.942	22.635	23.136
<b>% Ratio of Financing Costs to Net Revenue Stream</b>	<b>2.41%</b>	<b>2.61%</b>	<b>2.72%</b>	<b>2.98%</b>	<b>2.97%</b>

## 5.2 INTEREST RATE FORECASTS 2025-2028

MUFG Corporate Markets Interest Rate View 11.08.25													
	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28
BANK RATE	4.00	4.00	3.75	3.75	3.50	3.50	3.50	3.50	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	4.00	4.00	3.80	3.80	3.50	3.50	3.50	3.50	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.30	3.40	3.40	3.40
12 month ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.40	3.50	3.60	3.60
5 yr PWLB	4.80	4.70	4.50	4.40	4.30	4.30	4.30	4.20	4.20	4.20	4.20	4.10	4.10
10 yr PWLB	5.30	5.20	5.00	4.90	4.80	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60
25 yr PWLB	6.10	5.90	5.70	5.70	5.50	5.50	5.50	5.40	5.40	5.30	5.30	5.30	5.20
50 yr PWLB	5.80	5.60	5.40	5.40	5.30	5.30	5.30	5.20	5.20	5.10	5.10	5.00	5.00

Please note, PWLB forecasts are based on PWLB certainty rates.

### 5.3 ECONOMIC BACKGROUND (provided by Council's treasury advisors)

- The first half of 2025/26 saw:
  - A 0.3% pick up in GDP for the period April to June 2025. More recently, the economy flatlined in July, with higher taxes for businesses restraining growth, but picked up to 0.1% m/m in August before falling back by 0.1% m/m in September.
  - The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% to 4.6% in September.
  - CPI inflation has ebbed and flowed but finished September at 3.8%, whilst core inflation eased to 3.5%.
  - The Bank of England cut interest rates from 4.50% to 4.25% in May, and then to 4% in August.
  - The 10-year gilt yield fluctuated between 4.4% and 4.8%, ending the half year at 4.70% (before falling back to 4.43% in early November).
- From a GDP perspective, the financial year got off to a bumpy start with the 0.3% m/m fall in real GDP in April as front-running of US tariffs in Q1 (when GDP grew 0.7% on the quarter) weighed on activity. Despite the underlying reasons for the drop, it was still the first fall since October 2024 and the largest fall since October 2023. However, the economy surprised to the upside in May and June so that quarterly growth ended up 0.3% q/q. Nonetheless, the 0.0% m/m change in real GDP in July, followed by a 0.1% m/m increase in August and a 0.1% decrease in September will have caused some concern. GDP growth for 2025 and 2026 is currently forecast by the Bank of England to be in the region of 1.4% before picking up in 2027.
- Sticking with future economic sentiment, the composite Purchasing Manager Index (PMI) for the UK increased to 52.2 in October. The manufacturing PMI output balance improved to just below 50 but it is the services sector (52.2) that continues to drive the economy forward. Nonetheless, the PMIs suggest tepid growth is the best that can be expected in the second half of 2025 and the start of 2026. Indeed, on 13 November we heard that GDP for July to September was 0.1% q/q.
- Turning to retail sales volumes, and the 1.5% year-on-year rise in September, accelerating from a 0.7% increase in August, marked the highest gain since April. On a monthly basis, retail sales volumes rose 0.5%, defying forecasts of a 0.2% fall, following an upwardly revised 0.6% gain in August. Household spending remains surprisingly resilient, but the headwinds are gathering.
- With the November Budget edging nearer, the public finances position looks weak. The £20.2 billion borrowed in September was slightly above the £20.1 billion forecast by the OBR. For the year to date, the £99.8 billion borrowed is the second highest for the April to September period since records began in 1993, surpassed only by borrowing during the COVID-19 pandemic. The main drivers of the increased borrowing were higher debt interest costs, rising government running costs, and increased inflation-linked benefit payments, which outweighed the rise in tax and National Insurance contributions.
- The weakening in the jobs market looked clear in the spring. May's 109,000 m/m fall in the PAYE measure of employment was the largest decline (barring the pandemic) since the data began and the seventh in as many months. The monthly change was revised lower in five of the previous seven months too, with April's 33,000 fall revised down to a 55,000 drop. More recently, however, the monthly change was revised higher in seven of the previous nine months by a total of 22,000. So instead of falling by 165,000 in total since October, payroll employment is now thought to have declined by a smaller 153,000. Even so, payroll employment has still fallen in nine of the ten months since the Chancellor announced the rises in National Insurance Contributions (NICs) for employers and the minimum wage in the October 2024 Budget. The number of job vacancies in the three months to October 2025 stood at 723,000 (the peak was 1.3 million in spring 2022). All this suggests the labour market continues to loosen, albeit at a slow pace.
- A looser labour market is driving softer wage pressures. The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% in April to 4.6% in September. The rate for the private sector slipped from 4.3% to 4.2%.

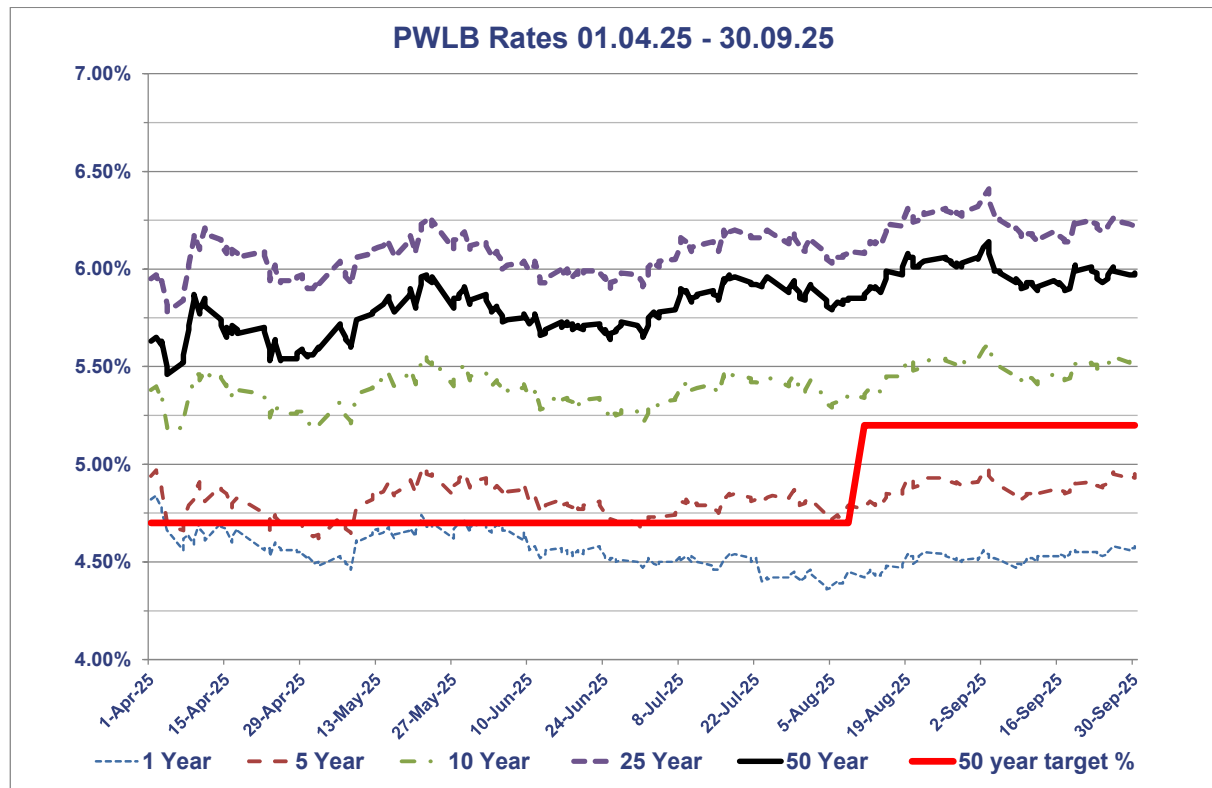


- CPI inflation remained at 3.8% in September, whilst core inflation fell to 3.5%. Services inflation stayed at 4.7%. A further loosening in the labour market and weaker wage growth may be a requisite to UK inflation coming in below 2.0% by 2027.
- An ever-present issue throughout recent months has been the pressure being exerted on medium and longer dated gilt yields. The yield on the 10-year gilt moved sideways in the second quarter of 2025, rising from 4.4% in early April to 4.8% in mid-April following wider global bond market volatility stemming from the “Liberation Day” tariff announcement, and then easing back as trade tensions began to de-escalate. By the end of April, the 10-year gilt yield had returned to 4.4%. In May, concerns about stickier inflation and shifting expectations about the path for interest rates led to another rise, with the 10-year gilt yield fluctuating between 4.6% and 4.75% for most of May. Thereafter, as trade tensions continued to ease and markets increasingly began to price in looser monetary policy, the 10-year yield edged lower, and ended June at 4.50%.
- More recently, the yield on the 10-year gilt rose from 4.46% to 4.60% in early July as rolled-back spending cuts and uncertainty over Chancellor Reeves’ future raised fiscal concerns. Although the spike proved short lived, it highlighted the UK’s fragile fiscal position. In an era of high debt, high interest rates and low GDP growth, the markets are now more sensitive to fiscal risks than before the pandemic. During August, long-dated gilts underwent a particularly pronounced sell-off, climbing 22 basis points and reaching a 27-year high of 5.6% by the end of the month. While yields have since eased back, the market sell-off was driven by investor concerns over growing supply-demand imbalances, stemming from unease over the lack of fiscal consolidation and reduced demand from traditional long-dated bond purchasers like pension funds. For 10-year gilts, by late September, sticky inflation, resilient activity data and a hawkish Bank of England kept yields elevated over 4.70% although by early November yields had fallen back again to a little over 4.40%.
- The FTSE 100 fell sharply following the “Liberation Day” tariff announcement, dropping by more than 10% in the first week of April - from 8,634 on 1 April to 7,702 on 7 April. However, the de-escalation of the trade war coupled with strong corporate earnings led to a rapid rebound starting in late April. As a result, the FTSE 100 ended June at 8,761, around 2% higher than its value at the end of March and more than 7% above its level at the start of 2025. Since then, the FTSE 100 has enjoyed a further 4% rise in July, its strongest monthly gain since January and outperforming the S&P 500. Strong corporate earnings and progress in trade talks (US-EU, UK-India) lifted share prices and the index hit a record 9,321 in mid-August, driven by hopes of peace in Ukraine and dovish signals from Fed Chair Powell. September proved more volatile and the FTSE 100 closed September at 9,350, 7% higher than at the end of Q1 and 14% higher since the start of 2025. Future performance will likely be impacted by the extent to which investors’ global risk appetite remains intact, Fed rate cuts, resilience in the US economy, and AI optimism. A weaker pound will also boost the index as it inflates overseas earnings. In early November, the FTSE100 climbed to a record high just above 9,900.

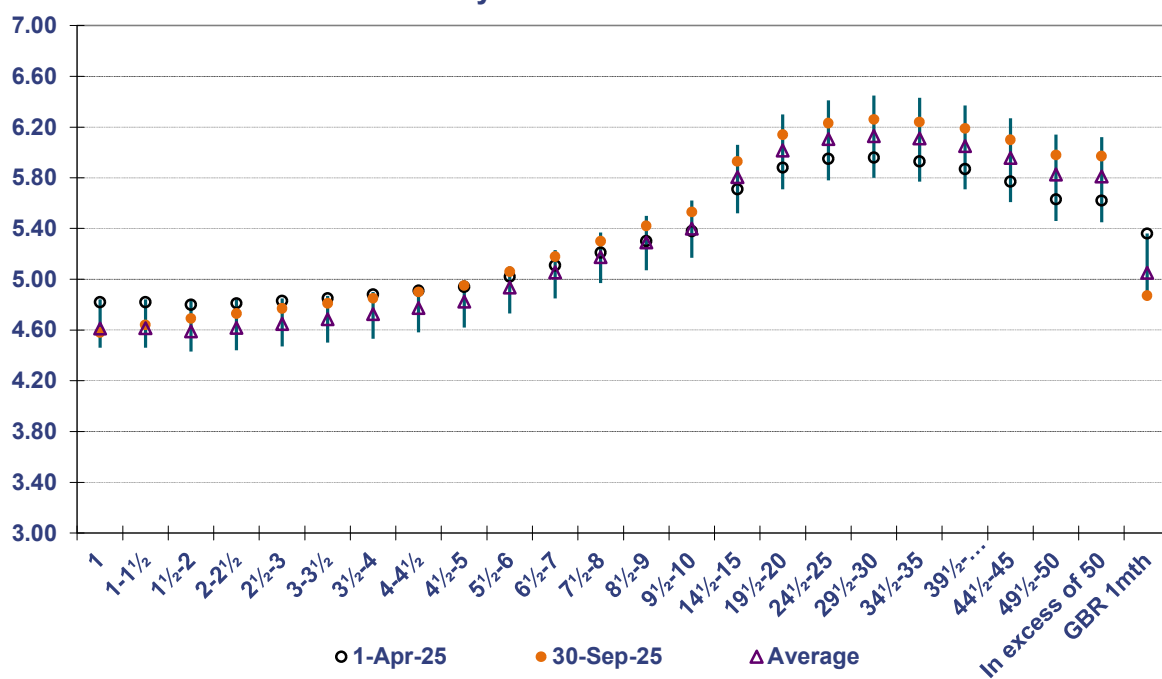
### MPC meetings: 8 May, 19 June, 7 August, 18 September, 6 November 2025

- There were five Monetary Policy Committee (MPC) meetings in the first half of the financial year. In May, the Committee cut Bank Rate from 4.50% to 4.25%, while in June policy was left unchanged. In June's vote, three MPC members (Dhingra, Ramsden and Taylor) voted for an immediate cut to 4.00%, citing loosening labour market conditions. The other six members were more cautious, as they highlighted the need to monitor for "signs of weak demand", "supply-side constraints" and higher "inflation expectations", mainly from rising food prices. By repeating the well-used phrase "gradual and careful", the MPC continued to suggest that rates would be reduced further.
- In August, a further rate cut was implemented. However, a 5-4 split vote for a rate cut to 4% laid bare the different views within the Monetary Policy Committee, with the accompanying commentary noting the decision was "finely balanced" and reiterating that future rate cuts would be undertaken "gradually and carefully". Ultimately, Governor Bailey was the casting vote for a rate cut but with the CPI measure of inflation expected to reach at least 4% later this year, the MPC was wary of making any further rate cuts until inflation begins its slow downwards trajectory back towards 2%.
- With wages still rising by just below 5%, it was no surprise that the September meeting saw the MPC vote 7-2 for keeping rates at 4% (Dhingra and Taylor voted for a further 25bps reduction). Moreover, the Bank also took the opportunity to announce that they would only shrink its balance sheet by £70bn over the next 12 months, rather than £100bn. The repetition of the phrase that "a gradual and careful" approach to rate cuts is appropriate suggested the Bank still thought interest rates will fall further.
- At the 6 November meeting, Governor Bailey was once again the deciding vote, keeping Bank Rate at 4% but hinting strongly that a further rate cut is imminent. With GDP for Q3 disappointing, and the September CPI number staying at 3.8%, the market is split over whether the next rate cut will be in December or February.

### PWLB RATES 01.04.25 - 30.09.25



PWLB Certainty Rate Variations 01.04.25 to 30.09.25



HIGH/LOW/AVERAGE PWLB RATES FOR 01.04.25 – 30.09.25

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>01/04/2025</b>	4.82%	4.94%	5.38%	5.95%	5.63%
<b>30/09/2025</b>	4.58%	4.95%	5.53%	6.23%	5.98%
<b>Low</b>	4.36%	4.62%	5.17%	5.78%	5.46%
<b>Low date</b>	04/08/2025	02/05/2025	02/05/2025	04/04/2025	04/04/2025
<b>High</b>	4.84%	4.99%	5.62%	6.41%	6.14%
<b>High date</b>	02/04/2025	21/05/2025	03/09/2025	03/09/2025	03/09/2025
<b>Average</b>	4.55%	4.82%	5.40%	6.11%	5.83%
<b>Spread</b>	0.48%	0.37%	0.45%	0.63%	0.68%

#### 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 MUFG Corporate Markets creditworthiness service.

***Based on lowest available rating:***

##### **AAA**

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

##### **AA+**

- Canada
- U.S.A.

##### **AA**

- Abu Dhabi (UAE)
- Finland
- Qatar

##### **AA-**

- **U.K.**

##### **A+**

- Belgium
- France

## **5.5 TREASURY MANAGEMENT SCHEME OF DELEGATION**

### **(i) Full Council:**

- Approval of annual strategies (Full Council).
- Budget consideration and approval for Revenue & Capital (Full Council).

### **(ii) Cabinet:**

- Approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices (Cabinet or Full Council).
- Approving the selection of external service providers and agreeing terms of appointment (Cabinet or Full Council).
- Approval of the division of responsibilities (Cabinet or Full Council).

### **(iii) Overview & Scrutiny**

- Reviewing the treasury management policy and procedures when changed and making recommendations to the responsible body (Any nominated body).
- Receiving and reviewing reports on treasury management policies, practices and activities, but these must be recommended to Cabinet for approval (Any nominated body).
- Receiving and reviewing regular monitoring reports but these must be recommended to Cabinet for approval (Any nominated body).

## 5.6 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

### The S151 or Deputy 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.
- Ensuring that financial Strategy Documents are prudent, sustainable, affordable and prudent in the long term and provides value for money
- Ensure that the Authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- 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
- 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.

Non-Domestic (Business) Rates Policy 2026-27	
<b>Executive Summary</b>	The Non-Domestic (Business) Rates Policy 2026-27 has been revised to reflect the changes to schemes announced by government and includes guidelines as to how the schemes are to be implemented and the financial implications on the authority.
<b>Options considered.</b>	The policy is discretionary, so members can decide not to agree to the recommendations.
<b>Consultation(s)</b>	<p>The Government expects local authorities to use their discretionary relief powers to grant these reliefs.</p> <p>The Supporting Small Business Relief, Hardship Relief, Film Studios Relief, Flood Relief, Electric Vehicle Charging Points and Electric Vehicle Only Forecourts and Retail Hospitality and Leisure Relief up to 31/03/26. All of these (except the Hardship Policy) will be compensated in full for our loss of rates income. This compensation will be paid by section 31 grant and calculated based on the returns that the council makes under the rates retention scheme.</p> <p>The Council's Discretionary Rate Relief Policy has been revised to reflect these changes.</p>
<b>Recommendations</b>	<p>1. It is agreed by Full Council that the Revenues Manager continues to have delegated authority to make decisions up to the NNDC cost value of £4k as indicated in Appendix A.</p> <p>2. It is agreed by Full Council that the Revenues Manager continues to have delegated authority to make Hardship Relief decisions up to the NNDC cost value of £4k as indicated in Appendix C.</p> <p>3. It is agreed by Full Council that the Rate Relief Policy is revised as indicated in Appendix A, B and C.</p>
<b>Reasons for recommendations</b>	The new policy will enable the Supporting Small Business Relief, Hardship Relief, Film Studios Relief, Flood Relief, Electric Vehicle Charging Points and Electric Vehicle Only Forecourts and Retail Hospitality and Leisure Relief up to 31/03/26 to be awarded discretionary reliefs.
<b>Background papers</b>	<p>1. In the Budget on 26 November 2025 the Chancellor announced the Government would replace the 40% Retail, Hospitality and Leisure Relief with lower business rate multipliers, introduce a 2026 Supporting Small Business Scheme plus extend the previous 2023 scheme by one year, introduce Electric Vehicle Charging Points and Electric Vehicle Only Forecourts Relief.</p> <p>2. In the Budget on 30 October 2024 the Chancellor announced the Government would extend the award of Retail, Hospitality and Leisure Relief but that it will reduce the relief from 75% to 40% for properties up to a cash limit of £110,000 per business for the 2025/26 financial year.</p>

	<p>3. In the Budget on 6 March 2024 the Chancellor announced the Government would introduce Film Studios relief of 40% until 2034 for properties from the 2024/25 financial year subject to subsidy control rules.</p> <p>4. In the Budget on 17 November 2022 the Chancellor announced a new Supporting Small Business (SSB) Relief scheme which will cap bill increases at £600 per year for any businesses that had a Rateable Value (RV) increase from 1 April 2023 caused by the revaluation and consequently lost Small Business Rates Relief or Rural Rate Relief.</p> <p>5. Under section 49 of the Local Government Act 1988 businesses can apply for Hardship Relief. This scheme has now been incorporated within this rate relief policy. The cost of this scheme is funded in accordance with the Non-Domestic Rates financial retention rules.</p> <p>6. Under the government's flood recovery framework, businesses can apply for Flood Relief. This scheme has now been incorporated within this rate relief policy. Businesses can receive a minimum of 3 months rate relief. The cost of this scheme is fully funded by government.</p>
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<b>Wards affected</b>	All
<b>Cabinet member(s)</b>	Cllr Lucy Shires
<b>Contact Officer</b>	Sean Knight Revenues Manger <a href="mailto:Sean.Knight@north-norfolk.gov.uk">Sean.Knight@north-norfolk.gov.uk</a>

Links to key documents:	
Corporate Plan:	Strong Responsible & Accountable Council.
Medium Term Financial Strategy (MTFS)	The NNDR Discretionary Rate Reliefs approved by Members will be used for calculating the NNDR1 which feeds into the budget setting process and is part of the Medium-Term Finance Strategy.
Council Policies & Strategies	Budget Setting & Medium-Term Finance Strategy.



<b>Corporate Governance:</b>	
Is this a key decision	No
Has the public interest test been applied	Yes, this is not an exempt item.
Details of any previous decision(s) on this matter	19 February 2025, Non-Domestic (Business) Rates Policy 2025-26 and 21 February 2024, Non-Domestic (Business) Rates Policy 2024-25.

## **1. Purpose of the report**

The Non-Domestic (Business) Rates Policy 2026-27 has been revised to reflect the new and extended schemes announced by government and includes guidelines as to how the schemes are to be implemented and the financial implications on the authority.

## **2. Introduction & Background**

- 2.1 National Non-Domestic Rates (NNDR) are paid by those occupying non-domestic property and collected by the local authorities. Under the business rate retention scheme introduced from April 2013, 50% of the business rates paid is kept locally, 40% by North Norfolk District Council (NNDC) and 10% Norfolk County Council and the balance is paid back to government, an element of which is then paid back to local authorities through the Formula Grant System. As local authorities retain part, they are incentivised to increase their NNDR yield as they now benefit directly from it.
- 2.2 There are currently several different reductions available to businesses. Empty properties – Business rates will not be payable in the first three months that a property is empty (six months for certain industrial properties). After this period empty rate is payable at the full charge. There are a few exemptions such as listed buildings and land used as storage.
- 2.3 Small business rate relief (SBRR) – the relief supports small businesses who generally occupy only one property. SBRR was available at 100% for eligible properties up to £6,000 rateable value (RV) and was tapered for properties with a RV up to £12,000. The 100% relief was extended until 31 March 2017 and if a ratepayer receiving small business rate relief took on an additional property, they continued to receive their existing relief for 12 months (previously if they had taken on a second property they would have been disqualified from the relief).
- 2.4 At Budget 2016, the Government confirmed that the doubling of the SBRR from 50% to 100% would be made permanent from 1 April 2017.
- 2.5 The relief has been increased from 2017/18 to 100% for eligible properties up to £12,000 rateable value (RV) and is tapered for properties with a RV up to £15,000 and if a ratepayer receiving SBRR takes on an additional property or properties within the threshold RV they will continue to receive their existing relief for 12 months.

- 2.6 On 26 November 2025 Budget 2025, the Government confirmed that if a ratepayer receiving small business rate relief took on an additional property from 27 November 2025, they continued to receive their existing relief from 12 months to three years so extended the grace period by two extra years.
- 2.7 Charity and discretionary reliefs – Charities are entitled to an 80% reduction in their bills. The Council has discretion to grant reliefs in other circumstances and the report covers these areas of discretion.

### **3. Discretionary Rate Relief**

- 3.1 Under Section 47 of the Local Government Finance Act 1988 billing authorities have discretion to grant relief to certain ratepayers (certain types of charitable and non –profit organisations) from all or part of their non-domestic rates payable. The Localism Act 2011 amended section 47 of the Local Government Finance Act 1988 to enable local authorities to grant relief in a wider range of circumstances.
- 3.2 The cost of granting discretionary relief varies according to the circumstances. Full details of the circumstances are in the policy and guidelines within Appendix A.
- 3.3 The table below details the existing types of relief and the funding according to the government's rate retention rules.

<b>Type of Relief</b>	<b>% Funded by the Council</b>	<b>% Funded by central government</b>
Mandatory Relief for charities and community amateur sports clubs (CASCs) (80%)	40%	50%
Up to 20% discretionary relief to top up mandatory	40%	50%
Up to 100% discretionary relief for other eligible organisations	40%	50%

- 3.4 Should a local authority choose to award discretionary rate relief under the Localism Act powers to a business or profit organisation the Council will bear the full 100% cost.
- 3.5 **New Schemes**
- 3.6 In the budget statements since 2016 onwards the government announced new schemes of discretionary rate reliefs to assist and encourage the development and occupation of business premises.
- 3.7 The new schemes are all fully funded by central government.

### **3.8 Conclusion**

- 3.9 The Rate Relief Policy and guidelines have been amended to reflect the changes introduced by central government.

### **4. Corporate Priorities**

- 4.1 Financial Sustainability and Growth - Awarding businesses rate relief helps the Council to support their financial sustainability which can lead to commercial growth.

**5. Financial and Resource Implications**

- 5.1 The new schemes are fully funded by central government and are used in the budget setting and is part of the Medium-Term Finance Strategy.
- 5.2 The other discretionary and mandatory relief schemes are funded as indicated in paragraph 3.3 through the business rate retention scheme.

**Comments from the S151 Officer:**

The new schemes are fully funded by central government and are used in the budget setting and is part of the Medium-Term Finance Strategy.

**6. Legal Implications**

- 6.1 This report does not raise any new legal implications.

**Comments from the Monitoring Officer**

The Council has the power to make discretionary rate relief awards to Non-Domestic (Business) Rates accounts and needs to approve such for each financial year.

**7. Risks**

- 7.1 It is important that the Council's policy and guidelines are clear about the criteria under which it will make an award as all potential applicants need to be aware of the grounds for eligibility for discretionary relief, what their own responsibilities are and why their application has either been accepted or refused.

**8. Net Zero Target**

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

**9. Equality, Diversity & Inclusion**

- 9.1 On considering this policy against the categories looked at within the Equality Impact Assessment process – age, disability, gender, race, religion or belief, sex, sexual orientation, the policy has no adverse impact.

**10. Community Safety issues**

- 10.1 There are no crime and disorder implications arising from the policy.

**11. Conclusion and Recommendations**

- 11.1 The policy has been updated to reflect on the new and extended discretionary rate relief schemes announced and includes guidelines as to how the schemes are to be implemented and the financial implications for the authority.

Recommend to Full Council that the following recommendations are agreed:

It is agreed by Full Council that the Revenues Manager continues to have delegated authority to make decisions up to the NNDC cost value of £4k as indicated in Appendix A.

It is agreed by Full Council that the Revenues Manager continues to have delegated authority to make Hardship Relief decisions up to the NNDC cost value of £4k as indicated in Appendix C.

It is agreed by Full Council that the Rate Relief Policy is revised as indicated in Appendix A, B and C.

## Appendix A

### Discretionary Rate Relief Policy

#### **1 Introduction**

If an organisation occupies a property on which it pays National Non-Domestic Rates (NNDR) it may be eligible for up to 100% Discretionary Rate Relief if it is operated within some or all of the following guidelines appropriate to the particular organisation.

The guidelines for determining relief are not intended to be a rigid set of rules; neither are all the guidelines applicable to every organisation. Each case will be judged on its merits taking into account the contribution which each organisation/business makes to the district's amenities and its resident's lifestyles and wellbeing.

#### **2 Eligibility Criteria**

<b>Eligibility Criteria for Rate Relief</b>	<b>Rate Relief</b>	<b>Amount of Relief</b>
Property wholly or mainly used for charitable purposes which is occupied by a registered charity, charity shop, or registered Community Amateur Sports Club (CASC)	Mandatory (Charity)	80%
	Discretionary	20% (maximum)
Property, all, or part of which is occupied for the purposes of a non-profit making:  a) Institution or other organisation whose main objects are philanthropic or religious or concerned with social welfare, science, literature, or the fine arts.  b) Club, society, or another organisation and is used for the purposes of recreation.	Discretionary	100%(maximum)

#### **3 Scope**

The policy will be adhered to by all staff and members involved with consideration of Discretionary Rate Relief applications.

#### **4 Applications**

Applications must be supported by the organisation's constitution, main purposes, and objectives e.g., written constitution, memorandum of association, membership rules etc.

A full set of audited accounts for the latest financial year at the application date.

Details of how organisations/ businesses meet the criteria within the guidelines.

Applications from excepted businesses/organisations can not be considered. These are properties which are occupied by a billing or precepting authority e.g., District Council and County Council.

The government is intending to amend primary legislation in the Non-Domestic Rating (Multipliers and Private Schools) Bill to end mandatory relief eligibility for private schools (see bill for definition) with effect from 1 April 2025. Assuming this legislation is passed then NNDC will not be supporting discretionary applications from these organisations.

### **5 Factors to be taken into account.**

North Norfolk District Council is keen to ensure that any relief awarded is justified and directed to those organisations making a valuable contribution to the well-being of local residents. The following factors will therefore be considered:

- a. The organisation should provide facilities that indirectly relieve the authority of the need to do so or enhance or supplement those that it does provide.
- b. The organisation should provide training or education for its members, with schemes for particular groups to develop skills.
- c. It should have facilities provided by self-help or grant aid. Use of self-help and / or grant aid is an indicator that the club is more deserving of relief.
- d. The organisation should be able to demonstrate a major local contribution.
- e. The organisation should have a clear policy on equal opportunity, freedom of Access and membership.
- f. It should be clear as to which members of the community benefit from the work of the organisation.
- g. Membership should be open to all sections of the community, and the majority of members should be NNDC residents.
- h. If there is a licensed bar as part of the premises, this must not be the principal activity undertaken and should be a minor function in relation to the services provided by the organisation.
- i. The organisation must be properly run and be able to produce a copy of their constitution and fully audited accounts.
- j. Those organisations applying for relief, whose work involves young children, young people or vulnerable adults must be able to demonstrate that appropriate checks have been carried out on staff and volunteers, and that sound child protection policies are in place.
- k. The organisation must not have any unauthorised indebtedness to NNDC. Rates are due and payable until a claim for discretionary rate relief is agreed.
- l. The Council will not ordinarily consider awarding discretionary relief as a substitute when centrally funded reliefs or discounts are withdrawn, such as the removal of mandatory charity relief.

## **6 Period of Relief**

Relief will be granted for one year at a time.

The granting of relief will be reviewed annually and those in receipt of relief will be asked to supply or confirm relevant information for the purposes of the review.

## **7 Approval**

Approval of discretionary rate relief applications up to £4,000 cost to NNDC will be approved by the Revenues Manager under delegated authority shown below.

Initial recommendations are to be made by the Revenues Manager and then to the Discretionary Relief Panel for all other cases with a cost to NNDC of £4,000 and above, plus any new cases which the policy does not cover and needs further discussion.

The Discretionary NDR Relief Panel will consist of the following:

Revenues Manager  
Section 151 Officer or Deputy Section 151 Officer and  
Portfolio Member for Revenues and Finance.

Decisions on discretionary relief for financial years 2022/23 and earlier must have been made no later than 6 months after the end of the financial year that they relate to, and any determination after that time is rendered invalid.

Starting from financial year 2023/24 there is no restriction on when a decision has to be made, so decisions can now be made to award relief for any period backdated to 1<sup>st</sup> April 2023.

## **8 No Right of Appeal**

Once the application has been processed, the ratepayer will be notified in writing of the decision. As this is a discretionary power there is no formal right of appeal process against the Council's decision. However, we will reconsider the decision in the light of any additional points made.

If the application is successful and the organisation is awarded discretionary rate relief, it will be applied to the account, and an adjusted bill will be sent.

## **9 Notification of Change of Circumstances**

Rate payers are required to notify any change of circumstances which may have an impact on the award of discretionary rate relief.

## **10 Withdrawal of relief**

Should an applicant in receipt of discretionary rate relief be found to be guilty of unlawful activities for whatever reason, entitlement will be forfeited from the date of conviction.

## **11 Costs to the Council**

The Local Government Finance Act 2012 introduced the Business Rate Retention Scheme in England from 1 April 2013. The Business Rate Retention Scheme currently provides for 50% of rate revenue to be retained by local authorities (40% NNDC and 10% NCC) and 50% by central government. As a result of this most discretionary reliefs are paid for by the local authority and central government, in these proportions.

### **Enterprise Zone Discount**

The District Council, alongside other Local Authorities, was invited by the Anglia Local Enterprise Partnership (LEP) in 2015 to submit applications for sites within the district area to be included in a New Anglia 'Space to Innovate' multi-site Enterprise Zone programme.

Two Sites have been agreed within North Norfolk District Council commencing 1 April 2016. Egmore Business Zone and Scottow Enterprise Park are geographically defined areas, hosted by Local Enterprise Partnerships in which commercial and industrial businesses can receive incentives.

Businesses that started up or relocating to the enterprise zone and were occupied by 31 March 2021 could qualify for business rates relief. This relief is applied if the hereditament is within the Enterprise Zone.

Up to 100% business rate discount can be awarded subject to subsidy controls.

### **Eligibility criteria**

The discount is for businesses occupied within the Enterprise Zone defined area from 1 April 2016 up to 31 March 2021.

### **Amount of Relief**

The Enterprise Discount is awarded at 100% of the rates liability.

### **Time Limited Relief – Supporting Small Businesses Relief**

At the Budget on 8 March 2017 the Chancellor announced the Government would make available the following business rate reliefs at the Spring Budget 2017. At the Budget on 27 October 2021 the Chancellor announced the Government would extend this by another year until 31 March 2023.

At the Autumn Statement on 17 November 2022 the Chancellor announced the Government would extend Supporting Small Business Relief for another year until 31 March 2024 and a new Supporting Small Business Relief scheme from 1 April 2023 caused by the revaluation and consequently the loss of Small Business Rates Relief or Rural Rate Relief.

At the Autumn Statement on 26 November 2025 the Chancellor announced the Government would extend the 2023 Supporting Small Business Relief for another year from 1 April 2026 to 31 March 2027 caused by the 2023 revaluation and consequently the loss of small business rates relief and rural rate relief. This support will protect the smallest businesses from overnight bill increases. This will apply for twelve months from 1 April 2026.



At the Autumn Statement on 26 November 2025 the Chancellor announced the Government would introduce a new 2026 Supporting Small Business Relief from 1 April 2026 caused by the revaluation and consequently the loss of small business rates relief, rural rate relief, and the retail, hospitality, and leisure (RHL) relief. This will apply for three years from 1 April 2026.

### **The Supporting Small Businesses Relief**

The 2023 Supporting Small Business Relief scheme is government funded to local authorities so that they can provide relief for businesses that had a Rateable Value (RV) increase from 1 April 2023 caused by the 2023 NDR revaluation and as a consequence loss of Small Business Rates Relief or Rural Rate Relief. This relief will limit any increase to £600 per year subject to subsidy control rules.

This relief is extended for another year until 31 March 2024 for businesses who were eligible for the 2022/23 relief on 31 March 2023 and were facing large increases in rates for 2023/24.

The 2023 Supporting Small Business Relief scheme which will cap bill increases at £600 per year for any businesses that had a Rateable Value (RV) increase from 1 April 2023 caused by the revaluation and consequently lost Small Business Rates Relief or Rural Rate Relief.

This relief is extended for another year until 31 March 2027 for businesses who were eligible for the 2025/26 relief on 31 March 2026 and were facing large increases in rates for 2026/27.

There is also a new 2026 Supporting Small Business Relief scheme is government funded to local authorities so that they can provide relief for businesses that had a Rateable Value (RV) increase from 1 April 2026 caused by the 2026 NDR revaluation and as a consequence lost Small Business Rates Relief, Rural Rate Relief, and the retail, hospitality and leisure (RHL) relief. This relief will be capped at the higher of £800 or the relevant transitional relief caps from 1 April 2026.

This relief is extended for another year until 31 March 2024 for businesses who were eligible for the 2022/23 relief on 31 March 2023 and were facing large increases in rates for 2023/24.

The relief will be delivered through local authority discretionary discount powers (under section 47 of the Local Government Finance Act 1988 as amended). Eligibility criteria for this relief are set out below.

This relief will be fully funded by government through a Section 31 Grant.

### **Eligibility criteria**

This relief will be capped at the higher of £800 or the relevant transitional relief caps from 1 April 2026 per year subject to subsidy control rules until 31 March 2029.

### **Amount of Relief**

The amount of relief will be capped at the higher of £800 or the relevant transitional relief caps from 1 April 2026.

### **No Right of Appeal**

As this is a discretionary power there is no formal right of appeal process against the Council's decision. However, we will reconsider the decision in the light of any additional points made.

If the application is successful and the organisation is awarded discretionary rate relief, it will be applied to the account, and an adjusted bill will be sent.

### **Notification of Change of Circumstances**

Rate payers are required to notify any change of circumstances which may have an impact on the award of discretionary rate relief.

### **Withdrawal of relief**

Should an applicant in receipt of discretionary rate relief be found to be guilty of unlawful activities for whatever reason, entitlement will be forfeited from the date of conviction.

### **Time Limited Relief – Retail, Hospitality and Leisure Relief**

At the Budget on 27 October 2021 the Chancellor announced the introduction of a new business rates relief called Retail, Leisure and Hospitality Discount for properties in 2022/23 to provide eligible retail, hospitality, and leisure properties with a 50% relief, up to a cash cap limit of £110,000 per business.

At the Budget on 17 November 2022 the Chancellor announced the Government would award a 75% Retail, Hospitality and Leisure Relief for properties for the 2023/24 financial year up to a cash limit of £110,000 per business.

At the Budget on 22 November 2023 the Chancellor announced the 2024/25 Retail, Hospitality and Leisure (RHL) scheme will be extended in 2024-25, retaining the existing scope and providing eligible properties with 75% relief, up to a cap of £110,000 per business.

At the Budget on 30 October 2024 the Chancellor announced the 2025/26 Retail, Hospitality and Leisure (RHL) scheme will be extended in 2025-26, retaining the existing scope and providing eligible properties with 40% relief, up to a cap of £110,000 per business and will be replaced by lower multipliers in 2026/27.

At the Autumn Statement on 26 November 2025 the Chancellor announced the new multipliers that will replace this relief from 1 April 2026.

The relief will be delivered through local authority discretionary discount powers (under section 47 of the Local Government Finance Act 1988 as amended). Eligibility criteria for this relief are set out below.

This relief will be fully funded by government through a Section 31 Grant.

### **Eligibility criteria**

To qualify for retail, Leisure, and Hospitality discount the business must meet the following conditions:

- be an occupied property and
- it is wholly or mainly.

- as shops, restaurants, cafes, drinking establishments, cinemas, or live music venues
- for assembly and leisure; or
- as hotels, guest & boarding premises, or self-catering accommodation.

For more information regarding the above types of properties and what we consider them to mean, please visit the government's guidance

<https://www.gov.uk/guidance/business-rates-relief-202425-retail-hospitality-and-leisure-scheme>

### **Amount of Relief**

If eligible, the business could get:

- 40% off the business rates bills for the period 1 April 2025 to 31 March 2026.

The above amounts have a cash cap up to up to £110,000 per business.

### **No Right of Appeal**

As this is a discretionary power there is no formal right of appeal process against the Council's decision. However, we will reconsider the decision in the light of any additional points made.

If the application is successful and the organisation is awarded discretionary rate relief, it will be applied to the account, and an amended bill will be sent.

### **Notification of Change of Circumstances**

Ratepayers are required to notify any change of circumstances which may have an impact on the award of discretionary rate relief.

### **Withdrawal of relief**

The business may refuse this relief for each eligible property anytime up to 30 April 2025. The ratepayer cannot withdraw their refusal for either all or part of the financial year.

Should an applicant in receipt of discretionary rate relief be found to be guilty of unlawful activities for whatever reason, entitlement will be forfeited from the date of conviction.

### **Time Limited Relief – Film Studio Relief**

At the Budget on 6 March, the Chancellor announced that eligible film studios in England will receive a 40% reduction on gross business rates bills until 2034. The relief once implemented will be backdated to 1 April 2024.

The relief will be delivered through local authority discretionary discount powers (under section 47 of the Local Government Finance Act 1988 as amended). Eligibility criteria for this relief are set out below.

This relief will be fully funded by government through a Section 31 Grant

### **Eligibility criteria**

Film studio rate relief is available for a chargeable day in the financial years 2024/25 to 2033/34 for a hereditament which for the chargeable day is:

- a. Used (or if unused appears that when next in use would be used) for the production of films or television programmes and in whole or in part comprises sound stages or film sets, and
- b. Valued by the Valuation Office Agency (VOA) as a studio falling within one of the following VOA's valuation categories for film studios:
  - i. temporary or semi-permanent filming studios
  - ii. older filming studios, whether converted or purpose built
  - iii. modern industrial conversion filming studios (typically converted to film studios post 2010)
  - iv. modern purpose-built filming studios (typically built post 2010)
  - v. campus sites.

These are the types of facilities which have seen exceptionally large increases at the 2023 revaluation. The relief is not available on materially unaltered industrial premises (even if occupied by a studio). VOA descriptions in the rating list or the "Scat" code should not be used for this test. The VOA will notify billing authorities whether they have a hereditament in their list which meets the conditions above.

The scheme is available to new, existing, and expanding facilities. It is also available on conversions of previously industrial buildings provided they meet the tests above. As at early 2025, the government anticipated that about forty hereditaments will qualify in about twenty-five billing authorities.

There are no occupation conditions for film studio relief. Relief is available where the above conditions are met irrespective of whether the property is occupied or whether occupation or ownership changes.

### **Amount of Relief**

If eligible, the business could get:

- 40% off the business rates bills for the period 1 April 2024 to 31 March 2034 subject to subsidy rules.

### **No Right of Appeal**

As this is a discretionary power there is no formal right of appeal process against the Council's decision. However, we will reconsider the decision in the light of any additional points made.

If the application is successful and the organisation is awarded discretionary rate relief, it will be applied to the account, and an amended bill will be sent.

### **Notification of Change of Circumstances**

Ratepayers are required to notify any change of circumstances which may have an impact on the award of discretionary rate relief.

### **Withdrawal of relief**

The business may refuse this relief for each eligible property anytime up to 30 April 2026. The ratepayer cannot withdraw their refusal for either all or part of the financial year.

Should an applicant in receipt of discretionary rate relief be found to be guilty of unlawful activities for whatever reason, entitlement will be forfeited from the date of conviction.

### **Time Limited Relief – Electric Vehicle Charging Points and Electric Vehicle only Forecourts.**

At the Budget on 26 November 2025 the Chancellor announced the Government would introduce relief for Electric Vehicle Charging Points and Electric Vehicle Only Forecourts (EVCP) Relief).

This relief will be a ten-year 100% business rates relief for EVCPs which are separately assessed by the Valuation Office Agency (VOA) and Electric Vehicle only forecourts to ensure that they face no business rates liability.

The relief will be delivered through local authority discretionary discount powers (under section 47 of the Local Government Finance Act 1988 as amended).

This relief will be fully funded by government through a Section 31 Grant

### **Time-Limited Relief – Flood Relief**

If the Government notifies North Norfolk District Council that it has been activated under the Flood Recovery Framework for a period of extensive flooding, then the Council will consider applications to award 100% Business Rate Relief for either:

- A minimum of 3 months, or
- Until the business is able to resume trading from the flooded premises if longer

In order to qualify for this relief:

- the hereditament was directly impacted by the relevant severe weather event– for instance flood damage to the property, equipment, and/or stock; or the business could not function due to lack of access to premises, equipment and/or stock as a result of flooding, restricted access for customers, suppliers and/or staff, and no alternatives were available, and
- on that day business activity undertaken at the hereditament was adversely affected as a result; and
- on that day, the rateable value of the hereditament was less than £10 million.

No relief can be awarded for flooding occurring outside of periods designated by Central Government.

This relief will be fully funded by government through a Section 31 Grant.

### **Hardship Relief**

The relief will be delivered through local authority discretionary powers (under section 49 of the Local Government Finance Act 1988 as amended).

The eligibility criteria for this relief are set out in Appendix C.

Unlike reliefs that fall under section 47 which are fully funded by government through a Section 31 Grant, the Hardship Relief is funded through the Non-Domestic (Business) Rate Retention Scheme.

### **Discretionary Rate Relief - Guidelines**

There are two ways in which Discretionary rate relief is granted.

- a) To 'top-up' mandatory relief already awarded.
- b) To award up to 100% based on various criteria.

**Mandatory Relief is** granted where: -

- the ratepayer of a property is a charity or the trustees of a charity and
- the property is wholly/mainly used for charitable purposes (including charity shops, where the goods sold are mainly donated and the proceeds are used for the purposes of the charity)
- the ratepayer of a property is registered with Her Majesty's Revenues and Customs (HMRC) as a Community Amateur Sports Club (CASC).

### **Discretionary Rate Relief**

When deciding whether to award discretionary rate relief consideration should be given to the interests of the taxpayers of North Norfolk District Council. The factors outlined in the policy should be taken into account when considering any application for relief.

The guidelines for determining relief are not intended to be a rigid set of rules; neither are all the guidelines applicable to every organisation. Each case will be judged on its merits taking into account the contribution which each organisation/business makes to the district's amenities and its resident's lifestyles and wellbeing.

### **Discretionary Rate Relief Criteria 'Top –Up'**

The Council has the discretion to award up to a further 20% additional rate relief to reduce the liability still further and the policies detailed below are to be followed when dealing with an application.

Up to 20% Discretionary Rate Relief may be given.

### **Charity Shops**

Mandatory relief will be granted where the ratepayer for a property is.

- a charity or the trustees of a charity and
- donated goods relate to more than 50% of total sales and
- the proceeds of goods (after any deductions for expenses) are applied for the purpose of the charity.

Providing the above criteria are met 80% mandatory relief will be granted.

Up to 20% Discretionary Rate Relief may be given in exceptional circumstances. Generally, relief will be limited to the 80% mandatory entitlement.

1	Meets local needs in the district and benefits local people	<ul style="list-style-type: none"> <li>• if the premises are used for the purposes of a national organisation or a semi-national (or county-wide) organisation the Council will not normally grant any discretionary relief</li> <li>• if the premises are used for a local organisation the extent to which the district and its residents benefit from the organisation will be taken into account.</li> </ul>
2	As a guide does not have more than 12 months spending available as "free reserves" (not legally restricted)	<ul style="list-style-type: none"> <li>• unless a Business Plan exists detailing how these reserves are to be used to the benefit of the local community</li> </ul>

### **Non-Profit Organisations, Clubs and Societies**

The Council has the discretion to award up to 100% Discretionary Rate Relief to organisations whose main objects are charitable or philanthropic, or concerned with education, social welfare, science, literature or fine arts or recreation. The determination of charitable status largely relies on case law which has established four main divisions of charity: -

- relief of poverty
- advancement of religion
- advancement of education and
- other trusts beneficial to the community and not falling under the other headings.

### **Criteria**

Discretionary relief can only be awarded if the organisation is not excepted (a billing authority or precepting authority) and: -

1	The main objects of the organisation are concerned with	<ul style="list-style-type: none"> <li>• relief of poverty</li> <li>• advancement of religion</li> <li>• advancement of education</li> <li>• social welfare</li> <li>• science</li> <li>• literature</li> <li>• fine arts or</li> </ul>
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		<ul style="list-style-type: none"> <li>• recreation or</li> <li>• in other ways are beneficial to the community</li> </ul>
2	Meets local needs in the district and benefits local people	<ul style="list-style-type: none"> <li>• if the premises are used for the purposes of a national organisation or a semi-national (or county-wide) organisation the Council will not normally grant any discretionary relief</li> <li>• if the premises are used for a local organisation the extent to which the district and its residents benefit from the organisation will be taken into account.</li> </ul>
3	Provides a valuable service to the community	<ul style="list-style-type: none"> <li>• which is complimentary to those services provided by or supported by the Council or</li> <li>• which relieves the need for the Council to provide such services</li> </ul>
4	Is open to all sections of the community	<ul style="list-style-type: none"> <li>• or access is restricted by providing a service for a specific sector of the community for justifiable reasons such as addressing inequality</li> </ul>
6	Is non-profit making	<ul style="list-style-type: none"> <li>• as a guide, no more than 12 months expenditure in unrestricted reserves unless a Business Plan exists detailing how these reserves are to be used to the benefit of the local community</li> </ul>

## **Sports Clubs**

There are additional considerations in the case of sports clubs.

If a club effectively discriminates by only accepting members who have already reached a certain standard, rather than seeking to promote the attainment of excellence by enhancing access and the development of sporting aptitude, then it does not have an open membership policy. So, a club selecting members based on existing attainment would not come within the requirements.

Although clubs should be open to all without discrimination, single sex clubs may be permitted where such restrictions are not discriminatory in intent but a genuine result of physical restraints (such as changing room facilities) or the requirements of the sport.

## **(2) Organisations with Licensed Bar Facilities**

### **Sports Clubs/Other Organisations**

Any Discretionary Rate Relief award will be aimed at the sporting activity of the club.



- If the bar income aids the overall operation and development of the organisation this would be allowable if the sporting activity remains the overall objective of the organisation. This will be particularly relevant where the organisation is the only such one in the Parish.

### **(3) Membership and Entry Fees**

If the organisation requires a membership or entry fee the Council will give regard as to whether: -

- The subscription or fees are set at a high level which excludes the general community.
- Fee reductions are offered for certain groups such as under eighteens or over sixties.
- Membership is encouraged from groups such as young people, older age groups, persons with disabilities or ethnic minorities.
- Facilities are available to people other than members, e.g., schools, public sessions.

Where the Council gives relief practice has been to award up to 80% to Clubs and organisations and up to 50% where organisations operate bar facilities.

### **Community Amateur Sports Clubs (CASC)**

If a sport's club is registered with HM Revenues and Customs (HMRC) as a CASC it will be entitled to 80% mandatory relief. The club may also be awarded 20% discretionary rate relief.

Normally sports clubs that can register with HM Revenues & Customs as a CASC and have not done so will not be awarded discretionary rate relief. Details can be found on the HMRC website <https://www.gov.uk/register-a-community-amateur-sports-club>

### **UK Subsidy Control**

The UK Subsidy Control Bill replace State Aid with Subsidy Control.

Providing relief under this policy is likely to amount to Subsidy. This policy is covered by the rules set out in UK legislation.

**Revised 12 January 2026.**

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## **Appendix B**

### **Non-Domestic Rating Rural Settlement List 2026/2027**

#### **Background**

The provisions of the Local Government and Rating Act 1997 relating to Rural Rate Relief for village stores, post offices and small businesses came into force on the 1 April 1998.

Before any business can be considered for mandatory, it must be in a designated rural settlement. Initially, by the 31 December 1997, Local Authorities were responsible for compiling a rural settlement list comprising of settlements within rural areas where the population is less than 3,000 on the preceding December.

#### **Maintaining the List**

The Council has a duty to compile and maintain the list. The new proposed Rural Settlement list for North Norfolk District Council is shown overleaf.



**Sean Knight**  
**Revenues Manager**

Alby with Thwaite	Edgefield	Itteringham	Sculthorpe	Walsingham
Aldborough and Thurgarton	Erpingham and Calthorpe	Kelling	Sea Palling and Waxham	Warham
Antingham	Felbrigg	Kettlestone	Sidestrand	Wells-next-the-Sea
Ashmanhaugh	Felmingham	Knapton	Skeyton	West Beckham
Aylmerton	Field Dalling and Saxlingham	Langham	Sloley	Westwick
Baconsthorpe	Fulmodeston and Barney	Lessingham and Eccles	Smallburgh	Weybourne
Bacton and Edingthorpe	Gimingham	Letheringsett with Glandford	Southrepps	Wickmere
Barsham	Great Snoring	Little Barningham	Stibbard	Wighton
and Houghton St Giles	Gresham	Little Snoring	Stiffkey	Witton and Ridlington
Barton Turf and Irstead	Gunthorpe and Bale	Ludham	Stody and Hunworth	Wiveton
Beeston Regis	Hanworth	Matlaske	Suffield	Wood Norton
Binham and Cockthorpe	Happisburgh	Melton Constable	Sustead, Bessingham and Metton	Worstead and Briggate
Blakeney	Helhoughton	Morston	Sutton	
Bodham	Hempstead	Mundesley	Swafeld and Bradfield	
Briningham	Hempton	Neatishead	Swanton Abbott	
Brinton and Sharington	Hickling	Northrepps	Swanton Novers	
Briston	High Kelling	Overstrand	Tattersett and Tatterford	
Brumstead	Hindolveston	Paston	Thornage	
Catfield	Hindringham	Plumstead	Thorpe Market	
Cley Next The Sea	Holkham	Potter Heigham	Thurning	
Colby and Banningham	Honing and Croswight	Pudding Norton	Thursford	
Corpusty and Saxthorpe	Horning	Raynham	Trimingham	
Dilham	Horse	Roughton	Trunch	
Dunton, Toftrees and Shereford	Hoveton	Runton	Tunstead and Sco Ruston	
East Beckham	Ingham	Ryburgh	Upper Sheringham	
East Ruston	Ingworth	Salthouse	Walcott	
		Scottow		

# Appendix C

## Non-Domestic Rates Discretionary Reduction Policy

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### 1. GENERAL PRINCIPLES

This Discretionary Reduction Policy allows the Council to reduce or remit an NNDR (Business rates) charge under Section 49 of the Local Government Finance Act 1988.

The principal purpose of awarding a discretionary reduction shall be to provide short-term assistance to businesses that are suffering unexpected hardship, arising from circumstances beyond the business's control and outside of the normal risks associated with running a business of that type.

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### 2. DISCRETIONARY REDUCTION ELIGIBILITY

The Council will only consider awarding a reduction under Section 49 where it is satisfied that:

- ✓ The ratepayer would sustain significant hardship if the Council failed to grant Hardship Relief; and
- ✓ Full regard has been given to the interest of its council taxpayers, and it is considered reasonable for the Council to provide the reduction. North Norfolk District Council funds 40% of any relief awarded.
- ✓ The "interest" of local council taxpayers may go wider than direct financial interests; for example, where employment prospects in an area would be worsened by a ratepayer going out of business, or the amenities of an area might be reduced by, for instance, the loss of a neighbourhood shop or services.
- ✓ Applicants should disclose all relevant factors affecting the ability of the business to meet its current and future rate liabilities.
- ✓ A business will not be considered to be suffering financial hardship in any annual accounting period during which it is profitable or has experienced a loss which is minor in comparison to the overall turnover of the business.
- ✓ In determining whether a business is profitable account shall be taken of reasonable drawings by the proprietor or directors.
- ✓ It is expected that the business has taken prompt action to mitigate any factors giving rise to hardship. Examples of mitigating actions may include seeking business advice, discounts, and promotions, reviewing pricing, extending the range of stock or services, negotiating with creditors etc. Applications may be declined in circumstances where the business is unable to demonstrate that it is taking reasonable steps to alleviate the hardship.

- ✓ For repeat applicants the Council may require the business to provide evidence from an accountant or other professional adviser regarding the long-term financial viability of the business.
  - ✓ Business will be required to show what measures are being taken with regards to other priority and non-priority debts to ensure that a discretionary award would not be used to finance payments to other creditors to the detriment of our taxpayer.
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### **3. APPLICATIONS**

All applications for discretionary rate reduction should be made to Non-Domestic (Business) Rates team at [Brates@north-norfolk.gov.uk](mailto:Brates@north-norfolk.gov.uk) and must be accompanied by:

- A fully completed application form.
- Copies of the business audited accounts and balance sheets for the last two years.
- A comprehensive Business Plan incorporating a brief history of the business and what the business plans are to rectify its financial situation.
- Cash Flow forecast for a minimum of the next 12 months.
- Where the business has traded for less than two years accounts must be provided where available along with bank statements for at least the three months leading up to the application, and draft accounts or budget forecasts for the period since the business commenced trading.

No award shall be made where it appears to the Council that the proprietor of the business has failed to exercise due diligence to anticipate circumstances that may give rise to hardship, financial or otherwise, and/or to put in place measures to prevent or mitigate the circumstances.

The Business Rates Team will assess all applications, and the Revenue Manager will make decisions where he has delegated authority up to the NNDC cost value of £4k.

All other relief applications with NNDC cost value of £4k or over will be presented by the Revenues Manager to the Discretionary Rate Relief Panel which will consist of the Section 151 Officer and the portfolio cabinet holder representing the Revenues Service.

Applicants must engage with the Council's Revenues team during this process and should be aware that it is likely that the Council will require some contribution to any outstanding liabilities whilst the application is determined.

A decision as to whether to award discretionary reduction will be made based off the information held, and a decision notice detailing the level of any reduction awarded and for what time period, will be issued in writing alongside any adjusted Non-Domestic (Business) Rate Demand Notice. Should the application be rejected, the applicant will be notified in writing.

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### **4. FACTORS THE COUNCIL WILL CONSIDER**

Although there is no statutory definition of hardship some guidance has been provided by the Government and case law to assist in the consideration of discretionary reduction applications.

- A blanket approach, either to give or not to give a reduction, should not be adopted by the Authority, each application should be considered on its own merits.
- Any reduction granted should be the exception rather than the rule. Hardship under section 49 Local Government Finance Act 1988 should be seen as a short-term award and not a continuous or long-term solution.
- All relevant factors affecting the ability of a business/ratepayer to meet their liability for rates should be considered.
- The test of hardship does not have to be confined to 'financial,' all relevant factors affecting the ability of a business to meet its liability for rates should be considered.
- The 'interest' of local taxpayers may go wider than just the financial impact. Consideration to the effect of any business closure on the local community should be considered for example, where the employment prospects of the area would be worsened, or the amenities of an area being reduced, for instance, the loss of the only shop in a village.
- The hardship caused to a ratepayer may be self-evident, for example where a business has been affected by severe loss of trade, due to external factors such as natural disasters or pandemic. However, the council will have to consider how the business can demonstrate such loss of trade or business. For example, do accounts, order books, till receipts or VAT returns show a marked decline in trade compared to corresponding periods in previous years?

The table below identifies some of the factors that will be considered in deciding whether to award a discretionary reduction to an organisation.

<b>Factors</b>	<b>Guideline Considerations</b>
The Financial Positions?	Hardship will often be determined based on the financial position of the ratepayer's business. In addition to looking at the business ability to pay rates. The Council will also want to see evidence of the business' future viability.
How important is the organisation to the local community?	A business applying for a discretionary reduction must be of high importance to the local community. Does the business provide a service or fulfil a need for the local area?
Is the same service available in the same locality?	Consideration will be given as to whether the service provided by the business is available in the same locality or within reasonable distance of the business address.
Is the same service available by public transport?	Public transport to the nearest alternative service is not available or is very restricted.

How long is the hardship likely to last for?	Awards are less likely to be made if the Council believe that the need for assistance may be for a medium- or long-term period. Discretionary reductions should only be awarded for short term assistance.
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The Council recognises that there will be occasions when an applicant does not satisfy all the above factors. The Council will consider each application on its own merits, and the granting of any reduction will be based on the facts of each case.

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## **5. UNOCCUPIED PROPERTIES**

Discretionary reductions will only be awarded in respect of unoccupied properties in exceptional circumstances where the applicant can show that making such an award will provide a clear and tangible benefit to the taxpayers of the district.

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## **6. DURATION OF AWARDS**

All Discretionary reductions will end at the end of the financial year, unless the award has already been ended from an earlier date. Should the reduction be required to continue, a further application may be made in the new financial year, however in considering repeated applications the Council will take into consideration the number and value of previous awards. The Council may require repeat applicants to provide evidence from an accountant or other professional adviser regarding the long-term financial viability of the business.

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## **7. SUBSIDY LIMITS (Previously known as State Aid)**

The Council must be satisfied that the award of any discretionary reduction complies with the UK's international subsidy control commitments, and the award of a discretionary reduction is likely to amount to a subsidy.

In most cases a discretionary reduction will fall within the Small Amounts of Financial Assistance Allowance, and the Council will consider any award in line with the restrictions and limits described at <https://www.north-norfolk.gov.uk/subsidy-control>. Applicants should familiarise themselves with their obligations under these requirements.

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## **8. APPEALS RIGHTS**

Although there is no legal right of appeal against the Council's decisions on discretionary reduction applications; in keeping with good customer care practice and principles of transparency this policy provides for a review / reconsideration of any decision.

The Revenues Manager will reconsider a decision made under delegated authority in the first instance. Any ratepayer requesting a reconsideration must apply in writing, providing



supporting evidence the ratepayer considers would support a different decision, or evidence that a particular factor or factors were not given sufficient weighting in the original decision.

Any further request for reconsideration or a request to review a decision of the Discretionary Relief Panel must be made in writing along with supporting evidence as above and will be presented to the Panel for consideration at the next available hearing. Any further appeals after a review by the Panel will not be considered.

The Council will acknowledge receipt of a further request for review / reconsideration in writing and advise the applicant of the date that the application will be reviewed, if known. The review / reconsideration request along with the additional evidence will be represented to a panel hearing that will consist of either the Section 151 Officer or Deputy Section 151 Officer and the Cabinet Portfolio Member responsible for Revenues and a final decision notice issued in writing.

Revised 9 January 2026

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Draft Revenue Budget for 2026-27	
Executive Summary	This report presents the latest iteration of the budget for 2026/27. 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 2026/27.
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 2026.
Consultation(s)	<p>The Overview and Scrutiny Committee will have the opportunity to review this report at its meeting on 11 February 2026.</p> <p>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 18 February 2026.</p>
Recommendations	<ol style="list-style-type: none"> <li>1. That Cabinet consider the proposed balanced budget including movement in reserves and recommended approval to full Council.</li> <li>2. To approve the creation of an £0.75m Ear Marked Reserve to mitigate the Revenue costs of Local Government Reorganisation.</li> <li>3. To approve the use of the Communities reserve to fund a revenue budget of £4,000 per Member to allow the award of small local grants.</li> <li>4. That an alternative option for balancing the budget should be agreed to replace costs or savings not taken forward if there are any.</li> <li>5. That Cabinet agree that any additional funding announced as part of the final Local Government Settlement announcement be transferred to reserves.</li> <li>6. That Cabinet decide which proposed new capital bids should be recommended to full Council for inclusion in the Capital Programme.</li> </ol>
Reasons for recommendations	To enable the Council to set a balanced budget.
Background papers	2025/26 Budget report presented to full Council on 19 February 2025.

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<b>Wards affected</b>	All
<b>Cabinet member(s)</b>	Cllr Lucy Shires
<b>Contact Officer</b>	Don McCallum Director of Resources and s151 Officer <a href="mailto:Don.McCallum@north-norfolk.gov.uk">Don.McCallum@north-norfolk.gov.uk</a>

<b>Links to key documents:</b>	
Corporate Plan	Strong, Responsible & Accountable Council.
Medium Term Financial Strategy (MTFS)	The setting of a balanced budget for 2026/27 provides the base position for reviewing the following years of the Medium Term Finance Plan.
Council Policies & Strategies	Budget Setting & Medium Term Finance Strategy.

<b>Corporate Governance:</b>	
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 it's alignment with the Corporate Plan.

## 2. Introduction & Background

- 2.1 Local authorities across the UK continue to experience significant financial pressure arising from external factors largely outside of local control. These pressures are most acutely reflected in demand-led services, including temporary accommodation, where cost and demand remain areas of focus. In addition, the introduction of new burdens, including the requirement to implement separate domestic food waste collection services, is placing further pressure on already constrained revenue budgets. Over recent years, a number of authorities have issued Section 114 notices, and others have sought Exceptional Financial Support from Government to manage acute financial challenges. This context continues to underline the fragility of the local government funding environment as councils set budgets for 2026/27 and beyond. Funding for the Council is reduced in real terms, highlighted in the charts at 2.7 and the Funding section of this report (3.15 to 3.21) and includes a Government funding floor of 95% of Core Spending Power. Additionally, new burdens have been placed on the Council with insufficient funding including Local Government Reorganisation and a domestic food

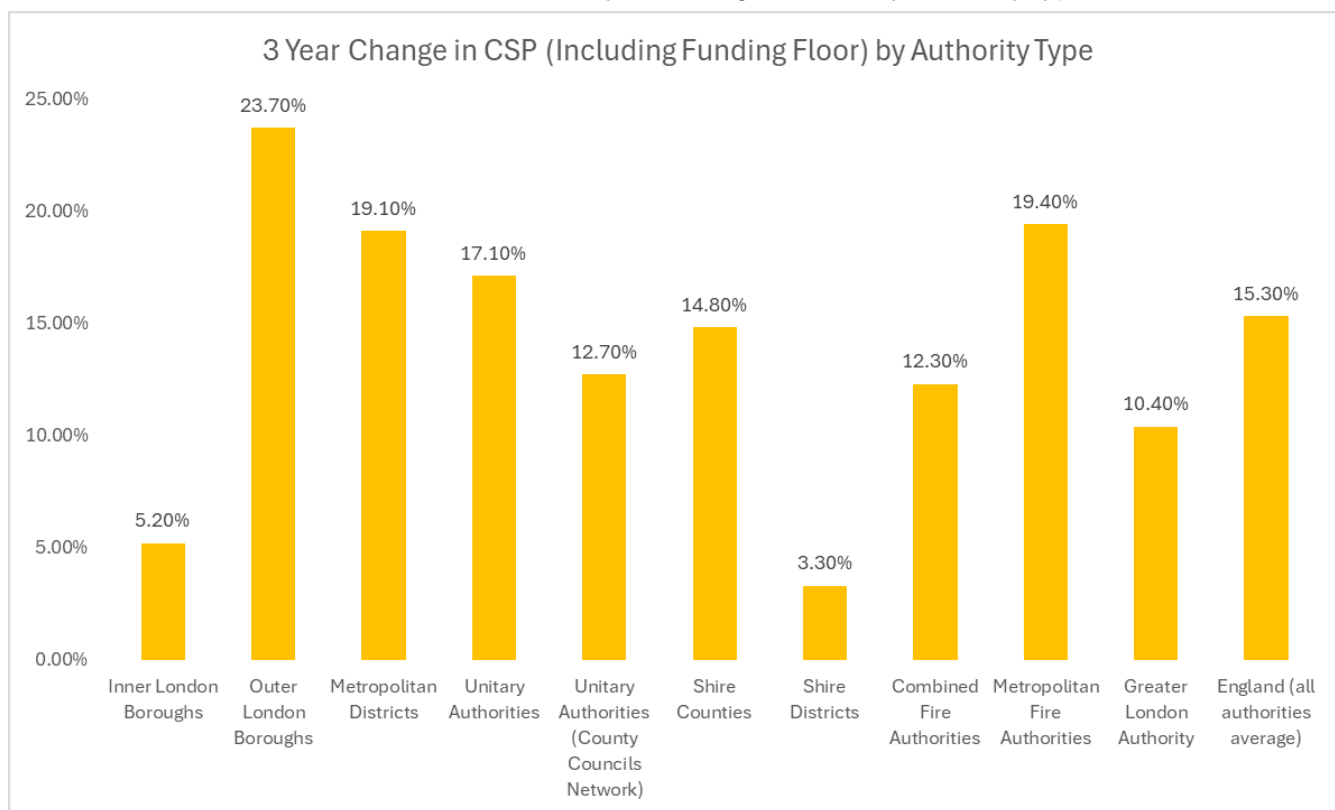
waste collection service. The Rural Services Network forecasts that by 2028/29 Government Funded Spending Power will see a 52% gap per head between the most urban and the most rural councils. For this Council Government funding per head of population is projected to decrease by 23% from 2024/25 (£105.38 per head) to 2028/29 (£80.99 per head). In comparison English authorities overall will increase by 24%. Previous and current prudent budgeting and reserves management allow the Council to consider this balanced budget for 2026/27.

- 2.2 The Provisional Local Government Finance Settlement for 2026/27 confirms the most significant reform of local government funding in over a decade. The settlement introduces the first stage of the Fair Funding Review, a full reset of the Business Rates Retention System, and the consolidation of a number of existing grants into core funding. Collectively, these changes result in substantial redistribution of resources across the sector.
- 2.3 At a national level, Core Spending Power (CSP) increases over the three-year period are unevenly distributed. Outer London borough authorities and metropolitan councils see the largest gains, while shire counties experience below-average growth and shire district councils receive the lowest increases of any authority class. The settlement is heavily reliant on assumed council tax increases and transitional protections, with funding floors and damping mechanisms playing a central role in preventing immediate cash reductions for a large number of authorities.
- 2.4 While the settlement provides a degree of certainty through its three-year structure, it does not address underlying funding adequacy and creates ongoing risks beyond 2028/29, particularly due to the scale of transitional protections and the potential for a funding “cliff edge” when these unwind.
- 2.5 District councils are the clear losers from the current funding reforms. Analysis of the settlement shows that shire districts experience the lowest increase in Core Spending Power nationally, at approximately 3.3% over three years, even after the application of funding floors. This compares unfavourably with national average growth of over 15% and significantly higher increases for metropolitan and Outer London borough authorities.

The principal drivers of this outcome are:

- The business rates baseline reset, which removes historic growth previously retained by districts.
  - Redistribution within the Fair Funding Review towards authorities with social care responsibilities.
  - Changes to Relative Needs Formulae, including reduced recognition of non-resident demand and the removal of bespoke rural and coastal adjustments.
- 2.6 A significant proportion of district councils, including North Norfolk District Council are reliant on 95% funding floor protection to avoid real-terms and, in some cases, cash-terms reductions. Funding floors in this context act as a stabilisation mechanism rather than a source of growth and reinforce the structural weakness of district council funding within the reformed system.

2.7 The chart below shows the 3 year change in CSP by authority type.



### 3. Current Proposed Budget for 2026/27

3.1 The 2026/27 budget presented below is a balanced budget – see line 27. The MTFS 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 2026/27 Base Budget				
Line No.	Column A	Column B	Column C	Column D
		2025/26 Base Budget £	2025/26 Updated Budget £	2026/27 Base Budget £
	<b>Service Area</b>			
1	Corporate Leadership/ Executive Support	4,384,567	4,384,567	4,587,873
2	Resources	6,970,323	7,008,241	7,275,279
3	Service Delivery	10,994,087	11,004,087	12,618,062
4	<b>Net Cost of Services</b>	<b>22,348,977</b>	<b>22,396,895</b>	<b>24,481,214</b>
5	Parish Precepts	3,736,377	3,736,377	3,736,377
6	Capital Charges	(2,962,374)	(2,962,374)	(2,962,374)
7	REFCUS	(761,647)	(761,647)	(761,647)
8	Interest Receivable	(1,403,400)	(1,403,400)	(1,375,700)
9	External Interest Paid	302,100	302,100	271,700
10	Revenue Financing for Capital:	320,000	1,458,051	278,600
11	Minimum Revenue Provision	527,257	527,257	624,090
12	IAS 19 Pension Adjustment	276,280	276,280	276,280
13	<b>Net Operating Expenditure</b>	<b>22,383,570</b>	<b>23,569,539</b>	<b>24,568,540</b>
14	Parish Precepts	(3,736,377)	(3,736,377)	(3,736,377)
15	Council Tax	(7,812,582)	(7,812,582)	(8,138,972)
16	Retained Business Rates	(8,660,926)	(8,660,926)	(5,623,934)
17	New Homes bonus	(596,090)	(596,090)	0
18	3.2% Funding Guarantee/Floor Funding	(805,165)	(805,165)	0
19	Revenue Support Grant	(335,416)	(335,416)	(6,322,463)
20	NI Compensation	(150,583)	(150,583)	0
21	Recovery Grant	(194,584)	(194,584)	(194,584)
22	Extended Responsibility Grant	(1,616,000)	(1,283,233)	(1,312,840)
23	Damping Funding	0	0	(79,801)
24	<b>Total Income from Government Grant and Taxpayers</b>	<b>(23,907,723)</b>	<b>(23,574,956)</b>	<b>(25,408,971)</b>
25	<b>(Surplus)/Deficit</b>	<b>(1,524,153)</b>	<b>5,417</b>	<b>(840,431)</b>
26	<b>Contribution To/(From) Earmarked Reserves</b>	<b>1,524,153</b>	<b>5,417</b>	<b>840,431</b>
27	<b>Net Position</b>	<b>0</b>	<b>0</b>	<b>0</b>

3.2 The table above shows

- The Original Base Budget in Column B was approved by full Council on 19 February 2025. It shows a balanced budget position for 2025/26.

- In Column C is the updated balanced budget position for 2025/26, which includes approved adjustments and virements to the 2025/26 base position.
  - The only significant movement between the base and updated position for 2025/26 is the inclusion of an updated capital financing position. This can be seen in column C, line 10. The corresponding financing is part of line 26 Contribution To/(From) earmarked Reserves.
- In Column D the proposed budget for 2026/27 is balanced (line 27).
- Line 6 shows the net cost of running the Council's services i.e. £24.481m. It is the total of Lines 1 to 3. This figure comprises the service expenditure, less income from grants and contributions and fees and charges income generated by the services.
- Line 13 is the total cost of operating as a Council i.e. £24.569m and includes items that are not attributable to any particular service e.g. investment income, borrowing costs and pension adjustments.
- Line 24 is the amount of funding from Government Grant and Local Taxpayers i.e. £25.409m.
  - Line 14 is the income that NNDC will collect from taxpayers for the town and parish councils' precepts which is matched at line 5 as NNDC pay this straight over to the town and parish councils. This figure is currently provisional as at the time of producing this report there were a number of precept requests that had not yet been returned. The deadline for this is the end of January 2026.
  - Line 15 is NNDC's Council Tax income to be collected from Council Taxpayers. This includes an assumed increase of 2.99%, which is the same as in 2025/26.
  - Line 16 is NNDC's Business Rate income to be collected from Businesses within the District. This figure has reduced significantly due to resetting from 1 April 2026.
  - Line 17 to 23 are the grants that NNDC will receive from Central Government.
- Line 25, Column D is the surplus that needs to be transferred to NNDC reserves i.e. £0.840m. It should be noted that this surplus has been achieved due to the receipt of the extended responsibility grant which has been allocated to earmarked reserves as part of the figure in line 26.
- Line 26, Column D shows the net surplus being allocated to earmarked reserves, i.e. £0.840m. 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 paragraphs 3.11 – 3.13.

### **Cost of Service Variances 2025/26 to 2026/27**

- 3.3 The Net Cost of Services changes in base budget from 2025/26 to 2026/27 are summarised in Table 3 below and significant variances are explained in paragraphs 3.5 to 3.10.



Table 3: Variance Base Budget 2025/26 to 2026/27

	2025/26 Base Budget £000	2026/27 Base Budget £000	Variance £000	Movement %
Employees	17,162	16,480	(682)	(3.97%)
Premises	4,116	4,627	511	12.41%
Transport	283	258	(25)	(8.83%)
Supplies and Services	13,331	14,890	1,559	11.69%
Transfer Payments	20,188	15,894	(4,294)	(21.27%)
Capital Charges	3,724	3,724	0	0
Income (External)	(36,455)	(31,392)	5,063	(13.89%)
<b>Total Net Cost of Service</b>	<b>22,349</b>	<b>24,481</b>	<b>2,132</b>	

### Employees

- 3.4 The significant variances in employee costs are summarised in Table 4 below.

Table 4: Employee Cost Variances

£000	Main Explanation
507	Employee inflation – based on an increase of 3% on Salary, National Insurance and Pension costs.
77	Additional legal post (2026/27 only)
119	Staffing growth including previously forecast restructuring savings not made.
(86)	Savings identified including £35k within the CLT team as a result of restructuring in 2025/26.
(1,275)	Removal of non-recurring items. This relates to posts which have been funded by grant income or earmarked reserves.
281	Fixed term posts funded from earmarked reserves.
(348)	Reduction in pension deficit funding requirement based on the Pension Fund Triennial valuation 2025 where the fixed amount payable has reduced from £1,191k to £843k.
43	Other minor movements
<b>(682)</b>	<b>Total Movement</b>

### Premises Costs

- 3.5 Significant variances are highlighted in the following table:

Table 5: Premises Costs Variances

£000	Main Explanation
89	Inflation, main item £61k in relation to Drainage Board Levies
225	One-off growth for work to the Councils assets, not allocated to the capital programme.
100	Leisure services growth.
125	Increase to sea defense budget to allow for reactive coastal works.
(28)	Other minor movements
<b>511</b>	<b>Total Movement</b>

### Transport Costs

3.6 Significant variances are highlighted in the following table:

Table 6: Transport Costs Variances

£000	Main Explanation
(6)	Lease payments moved to capital under new IAS 16 lease financial regulations.
(11)	Savings on employee transport costs including mileage, lump sum payments and public transport.
(7)	Non-recurring expenditure, removal of lump sum payments for temporary funded staff.
2	Transport-related expenditure funded from earmarked reserves
(3)	Other Minor movements
<b>(25)</b>	<b>Total Movement</b>

### Supplies and Services

3.7 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

£000	Main Explanation
206	Transfers - £120k increase in Bed and Breakfast costs offset by recoverable charges. £25k Benefits administration software costs offset by grant income. £61k Disabled Facility Grant supplies and services offset by top slice of DFG grant.
273	Inflation – £33k Car park management contract, £20k Bank Charges, £34k ICT License fees and software costs, £43k Cleansing Contract, £28k News Contract, £112k Waste contract, £3k Insurance contract.
25	Growth One off – Pier 125 Year celebrations
1,457	Permanent growth - £1,391k, Environmental services growth some of which has been offset by income. £64k Increased contributions
(105)	Savings – (£105k) External Audit fees
248	Funding from reserves - £38k Local Plan, £50k Environmental Sustainability projects. £160k grants and contributions.
(487)	Non-recurring – (£330k) UK Prosperity Fund grant payments (offset by loss of grant income). Reserve funding (£87k) Local Plan and Environmental sustainability projects.
(58)	Other minor movements
<b>1,559</b>	<b>Total Movement</b>

### Transfer Payments

3.8 The decrease in expenditure of (£4,294k) is predominantly due to the decrease in Housing Benefit payments of £4,347k which is in line with the mid-year subsidy estimate for 2025/26. This reduction is primarily related to the ongoing implementation of Universal Credit. This saving in expenditure will be offset by a compensating reduction in subsidy income. (see section 3.9 below). The balance is made up of £53k Inflation on internal service charge transfers.

## Income

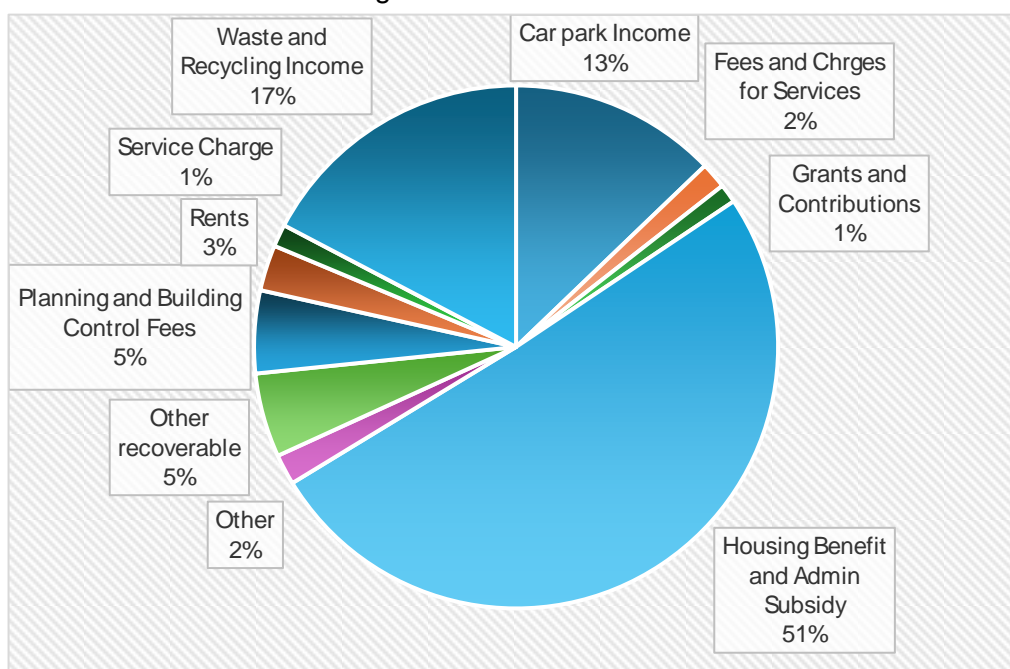
3.9 The significant variances in income between Base 2025/26 and 2026/27 are summarised in Table 8 below:

Table 8: Income Variances

£000	Main Explanation
4,227	Transfers – £4,347k Housing Benefit Subsidy offset by reduced expenditure (Transfer payments), this is based on the mid-year subsidy return 2025/26. (£120k) Recoverable homelessness charges, offset by additional expenditure.
(129)	Inflation – Composting (£12k), Chalet rental income (£33k), Internal Service Charges (£12k), Industrial Units (£6k), Leisure facilities (£21k), Street Cleaning (£11k), Car park income (£34k).
94	Growth – Loss of rental income Cromer office £18k. Reduced income from H & S training courses £20k, Reduced Land Charge Income following transfer of functions to the land registry £33K. New Income for Loudon Rd, Cromer site (£27k). One off land charge grant removed. £50k
(369)	Other income growth – Waste and recycling income (£219k), Car park fee income (£150k)
58	Capital Salaries - reduction in staff time charged to capital projects. £58k
1,477	Non-recurring – Grant income including Homeless Prevention grant and UK Prosperity Fund, both of which have been offset by a reduction in expenditure.
(295)	Other minor movements
<b>5,063</b>	<b>Total Movement</b>

3.10 The pie chart below shows the make-up of the 2026/27 budgeted income.

Table 9: 2026/27 Budgeted Income



## **Reserves**

- 3.11 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. As part of the 2026/27 £304k has been allocated to the General Reserve. After this transfer the General Reserve balance is £2.9m.
- 3.12 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. The main use of reserves factored into the 2026/27 budget are as follows:
- £300k Allocated to the Asset Management reserve
  - £750k Establishment of a Local Government Organisation (LGR) reserve
  - (£279k) Net Zero Reserve, capital financing in relation to the Fakenham Sports Centre decarbonization project.
  - £285k, Second Homes Premium, to assist with possible budget shortfalls in relation to Homelessness costs and irrecoverable housing subsidy.
  - (£160k), Communities Reserve used to fund grants and contributions.
- 3.13 The Communities Reserve is proposed to fund the award of small revenue grants by Members to appropriate organisations or individuals within their own or neighbouring wards. A working group officers and members will make recommendations on purpose and governance controlling the granting of awards. It is anticipated that the purpose of the reserve and the grants so funded will remain unchanged that is to make a difference to the economic and social wellbeing of the area.

3.14 A full breakdown of the use of Reserves can be found at Appendix D.

Table 10: Use of Reserves

	Updated Budgeted Movement 2025/26 £	Budgeted Movement 2026/27 £
General Fund	(14,706)	303,844
Capital Projects	(474,807)	0
Asset Management	(172,169)	300,000
Benefits	(51,567)	0
Building Control	(19,874)	0
Business Rates	(18,000)	(18,000)
Communities	0	(160,000)
Delivery Plan	(609,432)	(50,000)
Election Reserve	60,000	0
Extended Responsibility Grant	1,283,233	0
Grants	(95,159)	(83,854)
Housing	(284,460)	(219,959)
Legal	(4,579)	0
Local Government Reorganisation	0	750,000
Major Repairs Reserve	(50,000)	0
Net Zero Initiatives	(21,400)	(278,600)
New Homes Bonus (NHB)	(83,763)	0
Planning	46,763	12,000
Second Homes Premium	515,337	285,000
<b>Total</b> (as shown at line 26 in GF Summary Para 3.1)	<b>5,417</b>	<b>840,431</b>

### Funding

- 3.15 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.
- 3.16 Councils Medium Term Financial Strategy in part relies on increasing Council Tax income. This is a relatively stable source of income with collection being cost effective. The provisional Local Government Financial Settlement (LGFS) assumes that District Councils apply the maximum increase before a referendum is required, being the higher of 2.99% or £5 in Council Tax. An increase of 2.99% represents an increase of £5.19 per Band D property.
- 3.17 The recommendation is to increase Council Tax in 2026/27 by 2.99% for a Band D property. The table below shows what the total Council Tax income will be for 2026/27 and that the additional income generated by the 2.99% increase for a Band D will be for the year.

Table 11: Council Tax

		<b>Council tax 26/27</b>
<b>1</b>	Council Tax Base for 26/27	46,377.70
<b>2</b>	Band D Council Tax before increase	£173.52
<b>3</b>	Maximum increase allowed (2.99% increase)	£5.19
<b>4</b>	Band D Council Tax after increase (Add Lines 2 and 3)	£178.71
<b>5</b>	<b>Income assuming CT increase (line 1 multiplied by Line 4)</b>	<b>£8,228,158</b>

Additional Council Tax generated by the annual increase - Council Tax base <b>(Line1)</b> multiplied by Maximum increase allowed <b>(Line 3)</b>	£240,700
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- 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 for completion being 31 January 2026 and so the final forecast figure is not yet available. There is a forecast of £5.624m included currently and this will be updated as soon as the NNDR1 has been completed.
- 3.19 It is noted that there is a major decrease of £3.037m in the Retained Business Rates when compared to the 2025/2026 budget which is due to the Business Rates Reset. The business rates reset is the point at which the Government re-bases the Business Rates Retention system, effectively wiping out accumulated gains and losses and recalculating each council's funding baseline in an attempt to reflect current need and resources. Moreover, changes to Business Rates Pooling rules created more downside than upside risk so the current Norfolk Business Rates Pool will terminate on 31 March 2026.
- 3.20 The remaining income comprises grants from central government. The provisional LGFS was announced on 17 December 2025. 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.

Table 12 : Government funding

<b>Government Funding</b>	<b>2025/26 Base Budget £</b>	<b>2025/26 Updated Budget £</b>	<b>2026/27 Base Budget £</b>
New Homes bonus	(596,090)	(596,090)	0
3.2% Funding Guarantee	(805,165)	(805,165)	0
Revenue Support Grant	(335,416)	(335,416)	(6,322,463)
NI Compensation	(150,583)	(150,583)	0
Recovery Grant	(194,584)	(194,584)	(194,584)
Extended Responsibility Grant	(1,616,000)	(1,283,233)	(1,312,840)
Damping Funding	0	0	(79,801)
<b>Total Grant Funding</b>	<b>3,697,838</b>	<b>3,365,071</b>	<b>7,909,688</b>

- 3.21 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 Strategy

- 4.1 The Medium-Term Financial Strategy (MTFS) has been prepared alongside the budget for 2026/27. Further detailed MTFS income and expenditure can be found as Appendix A. The Medium-Term Financial Strategy is also being presented as an agenda item to this Committee.
- 4.2 The Government's Budget announcement and the provisional LGFS included the Business Rates Reform and the Fair Funding Review. This has been confirmed to be a three year settlement. However, it is noted that the 3 year settlement period information has been provided for conflicts with the current understanding of the timelines involved with local government reorganization; whereby it is understood that that NNDC would cease to exist after the 2027/2028 financial year.
- 4.3 As we have a 3 year settlement, for prudence the MTFS has been prepared for the next 3 years. Assumptions have been made for the years 2027/28 and 2028/29 which are shown below.

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

	2025/26 Base Budget	2025/26 Updated Budget	2026/27 Base Budget	2027/28 Projection	2028/29 Projection
	£'m	£'m	£'m	£'m	£'m
<b>(Surplus)/Deficit</b>	<b>(1.524)</b>	<b>0.005</b>	<b>(1.000)</b>	<b>0.582</b>	<b>1.109</b>
<b>Contribution To/(From) Earmarked Reserves</b>	<b>1.524</b>	<b>(0.005)</b>	<b>1.000</b>	<b>0.353</b>	<b>0.412</b>
<b>Net Position</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.935</b>	<b>1.521</b>

#### 4.4 Assumptions included are:

- The pay award is assumed to be at 3% for year 2026/27 as the rate of inflation has started to fall.
- 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, 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 the amounts included in the provisional local government settlement.

## **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 2025/26 to 2030/31

<b>Approved Capital Programme</b>	<b>Budget 2025/26</b>	<b>Budget 2026/27</b>	<b>Budget 2027/28</b>	<b>Budget 2028/29</b>	<b>Budget 2029/30</b>	<b>Budget 2030/31</b>
	£	£	£	£	£	£
Our Greener Future	14,315,002	7,040,612	300,000	-	-	-
Developing Our Communities	14,337,003	-	-	-	-	-
Meeting Our Housing Needs	6,080,613	2,300,000	2,000,000	2,000,000	2,000,000	2,000,000
Investing In Our Local Economy & Infrastructure	3,231,603	60,000	-	-	-	-
A Strong, Responsible & Accountable Council	363,320	60,000	-	-	-	-
<b>Total Approved Capital Programme</b>	<b>38,327,541</b>	<b>9,460,612</b>	<b>2,300,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>
<b>Financing</b>	<b>Budget 2025/26</b>	<b>Budget 2026/27</b>	<b>Budget 2027/28</b>	<b>Budget 2028/29</b>	<b>Budget 2029/30</b>	<b>Budget 2030/31</b>
	£	£	£	£	£	£
Grants	24,523,160	8,147,712	2,000,000	2,000,000	2,000,000	2,000,000
Other Contributions	3,780,000	300,000	-	-	-	-
Reserves	1,438,049	278,600	-	-	-	-
Revenue Contribution to Capital (RCCO)	20,000	-	-	-	-	-
Capital receipts	2,952,942	610,000	300,000	-	-	-
Borrowing	5,613,390	124,300	-	-	-	-
<b>Total Financing</b>	<b>38,327,541</b>	<b>9,460,612</b>	<b>2,300,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>

<b>Capital Bids</b>	<b>Budget 2026/27</b>	<b>Budget 2027/28</b>	<b>Budget 2028/29</b>	<b>Budget 2029/30</b>	<b>Budget 2030/31</b>
	£	£	£	£	£
Our Greener Future	820,000	-	-	-	-
Developing Our Communities	715,000	1,030,000	2,170,000	-	-
Meeting Our Housing Needs	1,000,000	1,000,000	1,000,000	1,000,000	-
Investing In Our Local Economy & Infrastructure	1,930,000	-	-	-	-
A Strong, Responsible & Accountable Council	15,000	-	-	-	-
<b>Total of Bids</b>	<b>4,480,000</b>	<b>2,030,000</b>	<b>3,170,000</b>	<b>1,000,000</b>	<b>-</b>
<b>Financing</b>	<b>Budget 2026/27</b>	<b>Budget 2027/28</b>	<b>Budget 2028/29</b>	<b>Budget 2029/30</b>	<b>Budget 2030/31</b>
	£	£	£	£	£
Grants	1,000,000	1,000,000	1,000,000	1,000,000	-
Other Contributions	75,000	-	-	-	-
Reserves	-	-	-	-	-
Revenue Contribution	-	-	-	-	-
Capital Receipts	15,000	-	-	-	-
Internal / External Borrowing	3,390,000	1,030,000	2,170,000	-	-
<b>Total Financing</b>	<b>4,480,000</b>	<b>2,030,000</b>	<b>3,170,000</b>	<b>1,000,000</b>	<b>-</b>

- 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.

## **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 2026/27 before 11 March 2026. This report presents a balanced budget for 2026/27 which has been achieved by identifying budget savings. The Medium-Term Financial Strategy is also presented as a separate agenda item at this meeting.

### **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 2026/27. 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 18 February 2026.
- 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.

# **Draft General Fund Summary Budget 2026/27**

<b>Service Area</b>	<b>2025/26 Base Budget</b>	<b>2025/26 Updated Budget</b>	<b>2026/27 Base Budget</b>	<b>2027/28 Projection</b>	<b>2028/29 Projection</b>	<b>2029/30 Projection</b>
	£	£	£	£	£	£
Corporate Leadership/ Executive Support	4,384,567	4,384,567	4,587,873	4,431,515	4,531,556	4,634,599
Resources	6,970,323	7,008,241	7,275,279	6,672,402	6,817,058	6,925,915
Service Delivery	10,994,087	11,004,087	12,618,062	13,758,977	14,029,506	14,240,343
<b>Net Cost of Services</b>	<b>22,348,977</b>	<b>22,396,895</b>	<b>24,481,214</b>	<b>24,862,894</b>	<b>25,378,120</b>	<b>25,800,857</b>
Parish Precepts	3,736,377	3,736,377	3,736,377	3,736,377	3,736,377	3,736,377
Capital Charges	(2,962,374)	(2,962,374)	(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	(1,403,400)	(1,403,400)	(1,375,700)	(1,375,700)	(1,375,700)	(1,375,700)
External Interest Paid	302,100	302,100	271,700	271,700	271,700	271,700
Revenue Financing for Capital:	320,000	1,458,051	278,600	0	0	0
Minimum Revenue Provision	527,257	527,257	624,090	651,069	656,144	637,801
IAS 19 Pension Adjustment	276,280	276,280	276,280	276,280	276,280	276,280
<b>Net Operating Expenditure</b>	<b>22,383,570</b>	<b>23,569,539</b>	<b>24,568,540</b>	<b>24,698,599</b>	<b>25,218,900</b>	<b>25,623,294</b>

<b>Contributions to/(from) Earmarked Reserves:</b>	<b>2025/26 Base Budget</b>	<b>2025/26 Updated Budget</b>	<b>2026/27 Base Budget</b>	<b>2027/28 Projection</b>	<b>2028/29 Projection</b>	<b>2029/30 Projection</b>
	£	£	£	£	£	£
Capital Projects Reserve	0	(474,807)	0	0	0	0
Asset Management	0	(172,169)	300,000	0	0	0
Benefits	(51,567)	(51,567)	0	0	0	0
Building Control	(19,874)	(19,874)	0	0	0	0
Business Rates Reserve	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	0
Communities	0	0	(160,000)	0	0	0
Delivery Plan	(80,000)	(609,432)	(50,000)	0	0	0
Elections	60,000	60,000	0	0	0	0
Extended Responsibility Grant	1,616,000	1,283,233	0	0	0	0
Grants	(85,159)	(95,159)	(83,854)	(19,720)	(20,020)	0
Housing	(56,299)	(284,460)	(219,959)	(59,513)	0	0
Legal	(4,579)	(4,579)	0	0	0	0
Local Government Reorganisation	0	0	750,000	0	0	0
Major Repairs Reserve	0	(50,000)	0	0	0	0
Net Zero Initiatives	(300,000)	(21,400)	(278,600)	0	0	0
New Homes Bonus Reserve	(83,763)	(83,763)	0	0	0	0
Planning Revenue	46,763	46,763	12,000	50,000	50,000	50,000
Second Homes Premium	515,337	515,337	285,000	400,000	400,000	400,000
Contribution to/(from) the General Reserve	(14,706)	(14,706)	303,844	0	0	0
<b>Amount to be met from Government Grant and Local Taxpayers</b>	<b>23,907,723</b>	<b>23,574,956</b>	<b>25,408,971</b>	<b>25,051,366</b>	<b>25,630,880</b>	<b>26,073,294</b>

	<b>2025/26 Base Budget</b>	<b>2025/26 Updated Budget</b>	<b>2026/27 Base Budget</b>	<b>2027/28 Projection</b>	<b>2028/29 Projection</b>	<b>2029/30 Projection</b>
	£	£	£	£	£	£
Collection Fund – Parishes	(3,736,377)	(3,736,377)	(3,736,377)	(3,736,377)	(3,736,377)	(3,736,377)
Collection Fund – District	(7,812,582)	(7,812,582)	(8,138,972)	(8,352,530)	(8,553,805)	(8,553,805)
Retained Business Rates	(8,660,926)	(8,660,926)	(5,623,934)	(5,906,952)	(6,200,020)	(6,200,020)
New Homes bonus	(596,090)	(596,090)	0	0	0	0
3.2% Funding Guarantee	(805,165)	(805,165)	0	0	0	0
Revenue Support Grant	(335,416)	(335,416)	(6,322,463)	(4,726,529)	(3,073,972)	(3,073,972)
NI Compensation	(150,583)	(150,583)	0	0	0	0
Recovery Grant	(194,584)	(194,584)	(194,584)	(194,584)	(194,584)	(194,584)
Extended Responsibility Grant	(1,616,000)	(1,283,233)	(1,312,840)	0	0	0
Damping Funding			(79,801)	(1,199,029)	(2,350,792)	(2,350,792)
<b>Income from Government Grant and Taxpayers</b>	<b>(23,907,723)</b>	<b>(23,574,956)</b>	<b>(25,408,971)</b>	<b>(24,116,001)</b>	<b>(24,109,550)</b>	<b>(24,109,550)</b>
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>935,365</b>	<b>1,521,330</b>	<b>1,963,744</b>

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## Corporate Directorate Base Budget 2026/27

	Base Budget 2025/26 £	Base Budget 2026/27 £	Movement £	Movement Explanation
<b>AD Corporate Services</b>				
Employee Costs	0	137,189	137,189	£76,745 New AD post created from budget in corporate leadership team. £49,161 Post transferred from communications. £7,543 Pension adjustments. £3,740 Employee inflation.
Transport Related	0	1,694	1,694	No major variances.
Supplies and Services	0	250	250	No major variances.
	<b>0</b>	<b>139,133</b>	<b>139,133</b>	
<b>Communications</b>				
Employee Costs	236,355	196,965	(39,390)	(£49,161) Transfer post to AD corporate services. (£5,938) Pension adjustments. £12,370 Fixed term post extension. £4,839 Employee inflation.
Transport Related	2,238	2,238	0	No variances.
Supplies and Services	52,680	79,180	26,500	£25,000 Pier celebration one off budget.
Capital Financing	55,954	55,954	0	No variances.
	<b>347,227</b>	<b>334,337</b>	<b>(12,890)</b>	
<b>Programme &amp; Project Management</b>				
Employee Costs	169,574	122,531	(47,043)	(£46,471) Transfer post to IT. (£5,341) Pension adjustments. £5,139 Employee inflation.
Transport Related	600	600	0	No variances.
Supplies and Services	2,840	340	(2,500)	No major variances.
	<b>173,014</b>	<b>123,471</b>	<b>(49,543)</b>	
<b>Corporate Leadership Team</b>				
Employee Costs	807,766	657,509	(150,257)	(£76,745) Transfer budget to AD corporate services. (£44,131) Previously agreed savings. (£21,856) Pension adjustments. (£14,706) Fixed term post completed, funded from reserves. £7,781 Employee inflation.
Transport Related	10,575	7,832	(2,743)	No major variances.
Supplies and Services	14,070	14,820	750	No major variances.
	<b>832,411</b>	<b>680,161</b>	<b>(152,250)</b>	
<b>Customer Services - Corporate</b>				
Employee Costs	934,118	897,831	(36,287)	(£47,956) Transfer post to reprographics. (£16,710) Pension adjustments. £28,379 Employee inflation.
Transport Related	4,000	1,500	(2,500)	No major variances.
Supplies and Services	62,332	48,616	(13,716)	(£14,320) Savings in stationery, subscriptions & professional fees.
Capital Financing	54,056	54,056	0	No variances.
Income	(17,250)	(25,020)	(7,770)	Increased service charges due to new tenants.
	<b>1,037,256</b>	<b>976,983</b>	<b>(60,273)</b>	
<b>Human Resources &amp; Payroll</b>				
Employee Costs	360,555	369,031	8,476	£10,127 Employee inflation. (£4,151) Pension adjustment.
Transport Related	500	500	0	No variances.
Supplies and Services	26,900	24,400	(2,500)	No major variances.
Income	(1,000)	(1,000)	0	No variances.
	<b>386,955</b>	<b>392,931</b>	<b>5,976</b>	
<b>Reprographics</b>				
Employee Costs	709	52,117	51,408	£47,956 Post transferred from customer services.
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.
	<b>32,249</b>	<b>83,657</b>	<b>51,408</b>	
<b>Tourist Information Centre</b>				
Premises Costs	18,586	0	(18,586)	Transfer budget to estates for new tenancy.
Supplies and Services	330	0	(330)	Transfer budget to estates for new tenancy.
Capital Financing	2,651	0	(2,651)	Transfer budget to estates for new tenancy.
Income	(10,000)	0	10,000	Transfer budget to estates for new tenancy.
	<b>11,567</b>	<b>0</b>	<b>(11,567)</b>	
<b>Corporate H&amp;S</b>				
Employee	0	93,468	93,468	Transfer of service from Environmental Health.
Transport	0	600	600	No major variances.
Supplies and Services	0	2,250	2,250	No major variances.
Income	0	(9,000)	(9,000)	Transfer of service from Environmental Health. £17,500 Reduced income to achievable level.
	<b>0</b>	<b>87,318</b>	<b>87,318</b>	
<b>Total Corporate</b>	<b>2,820,679</b>	<b>2,817,991</b>	<b>(2,688)</b>	

## Legal and Governance Base budget 2026/27

Service	Base Budget 2025/26 £	Base Budget 2026/27 £	Movement £	Movement Explanation
<b>Ad Legal and Governance</b>				
Employee Costs	104,960	106,547	1,587	No major variances.
Transport Related	2,194	2,194	0	No variances.
Supplies and Services	800	600	(200)	No major variances.
	<b>107,954</b>	<b>109,341</b>	<b>1,387</b>	
<b>Legal Services</b>				
Employee Costs	565,582	595,528	29,946	£38,864 Employee inflation & post revaluations. (£7,652) Pension adjustments.
Transport Related	3,588	2,644	(944)	No major variances.
Supplies and Services	79,810	79,810	0	No variances.
Income	(55,000)	(50,000)	5,000	No major variances.
	<b>593,980</b>	<b>627,982</b>	<b>34,002</b>	
<b>Members Services</b>				
Employee Costs	223,125	226,891	3,766	£6,704 Employee inflation. (£2,938) Pension adjustments.
Transport Related	7,981	7,981	0	No variances.
Supplies and Services	406,967	410,860	3,893	No major variances.
	<b>638,073</b>	<b>645,732</b>	<b>7,659</b>	
<b>Registration Services</b>				
Employee Costs	159,956	160,088	132	No major variances.
Premises Costs	2,600	2,600	0	No variances.
Transport Related	400	450	50	No major variances.
Supplies and Services	62,425	225,189	162,764	£160,000 Grants and Contributions.
Income	(1,500)	(1,500)	0	No variances.
	<b>223,881</b>	<b>386,827</b>	<b>162,946</b>	
<b>Total Legal and Governance</b>	<b>1,563,888</b>	<b>1,769,882</b>	<b>205,994</b>	
<b>Total Corporate</b>	<b>4,384,567</b>	<b>4,587,873</b>	<b>203,306</b>	



## Resources Base Budget 2026/27

## Assistant Director Finance Assets and Revenues

Service	Base Budget 2025/26 £	Base Budget 2026/27 £	Movement £	Movement Explanation
<b>Ad Finance, Assets and Revenues</b>				
Employee Costs	94,103	97,299	3,196	£12,392 Employee Inflation. (£8,495) Supplement and Training Savings. £701 Pension Adjustment.
Transport Related	1,219	300	(919)	Travelling Allowance Lump Sum.
Supplies and Services	160	100	(60)	Subsistence.
	<b>95,482</b>	<b>97,699</b>	<b>2,217</b>	
<b>Admin Buildings</b>				
Premises Costs	561,232	528,762	(32,470)	£18,242 Business Rates, £4,416 Repairs and Maintenance and Grounds Maintenance, £2,300 Premises Insurance, (£9,973) Contract and window cleaning, (£46,005) Utilities.
Supplies and Services	35,764	43,480	7,716	Telephone rentals and marketing.
Transfer Payments	149,849	204,033	54,184	Increase in Internal Service Charges (NNDC share of running costs for Fakenham and Cromer).
Capital Financing Income	30,487 (467,356)	30,487 (407,206)	0 60,150	No variances. £18,390 Rental Income. £42,329 Recharge increase to tenants in relation to service chargeable costs (Repairs and Maintenance, Utilities, Cleaning, Health and Safety, Telephone Charges and Insurance Premiums).
	<b>309,976</b>	<b>399,556</b>	<b>89,580</b>	
<b>Amenity Lighting</b>				
Premises Costs	43,221	34,033	(9,188)	Electricity savings.
	<b>43,221</b>	<b>34,033</b>	<b>(9,188)</b>	
<b>Benefits Subsidy</b>				
Transfer Payments	20,021,089	15,674,027	(4,347,062)	Based on mid year estimate of expenditure - subsidy based on 100% including recoverable overpayments.
Income	(20,021,089)	(15,674,027)	4,347,062	Based on mid year estimate of expenditure - subsidy based on 100% including recoverable overpayments.
	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Car Parking</b>				
Premises Costs	771,170	770,550	(620)	£11,220 Repairs and Maintenance, £5,000 Rent/Hire/Purchase of land and £2,300 Grounds Maintenance. (£5,928) Electricity saving, (£13,232) Transfer to Supplies and Services.
Supplies and Services	362,425	412,752	50,327	£13,232 Transfer from Premises Costs. £32,547 Management Fee increases. £2,350 Cleansing Contract. £2,168 Growth in relation to Tariff changes / notice etc for car parking charges.
Capital Financing Income	55,829 (3,851,874)	55,829 (4,033,050)	0 (181,176)	No variances. (£30,000) Excess Parking, (£5,000) EVCP Income, £1,365 Rental Income. (£148,973) Car parking fee income. (£18,568) Season Ticket income. £20,000 Revenue Contribution to Capital Outlay.
Internal Income	(10,000)	(10,000)	0	No variances.
	<b>(2,672,450)</b>	<b>(2,803,919)</b>	<b>(131,469)</b>	
<b>Central Costs</b>				
Employee Costs	35,500	35,500	0	No variances.
Supplies and Services	15,500	15,500	0	No variances.
	<b>51,000</b>	<b>51,000</b>	<b>0</b>	

	Base Budget 2025/26	Base Budget 2026/27	Movement	Movement Explanation
Service	£	£	£	
<b>Chalets/Beach Huts</b>				
Premises Costs	37,158	30,854	(6,304)	Transfer to Other Lettings.
Supplies and Services	20,200	15,230	(4,970)	(£6,200) Equipment, Marketing and Health and Safety Savings. £1,230 Other Professional Fees and Legionella Surveys.
Capital Financing	4,530	4,530	0	No variances.
Income	(332,000)	(364,840)	(32,840)	Rental Income.
	<b>(270,112)</b>	<b>(314,226)</b>	<b>(44,114)</b>	
<b>Community Centres</b>				
Premises Costs	11,280	11,730	450	Premises Insurance.
Capital Financing	1,460	1,460	0	No variances.
	<b>12,740</b>	<b>13,190</b>	<b>450</b>	
<b>Corporate &amp; Democratic Core</b>				
Employee Costs	437	437	0	No variances.
Transport Related	100	100	0	No variances.
Supplies and Services	491,415	408,465	(82,950)	£20,970 Bank Charges. (£104,580) Audit Fee Saving.
	<b>491,952</b>	<b>409,002</b>	<b>(82,950)</b>	
<b>Corporate Finance</b>				
Employee Costs	581,559	590,308	8,749	£15,799 Employee Inflation. (£7,994) Pension Adjustment. £944 Transfer from Transport.
Transport Related	1,044	100	(944)	Transfer to Employee Costs.
Supplies and Services	32,008	38,510	6,502	£4,413 Subscriptions. £2,089 Other Professional Fees and Computer Purchases - Software Inflation.
Capital Financing	13,631	13,631	0	No variances.
	<b>628,242</b>	<b>642,549</b>	<b>14,307</b>	
<b>Cromer Pier</b>				
Premises Costs	155,590	157,060	1,470	(£2,000) Transfer to Supplies and Services. £3,470 Premises Insurance.
Supplies and Services	21,000	23,000	2,000	Transfer from Premises Costs.
Capital Financing	72,849	72,849	0	No variances.
	<b>249,439</b>	<b>252,909</b>	<b>3,470</b>	
<b>Estates</b>				
Employee Costs	250,040	251,146	1,106	£5,813 Employee Inflation. (£4,707) Pension Adjustment.
Premises Costs	5,840	6,280	440	Premises Insurance.
Transport Related	4,000	2,000	(2,000)	Travelling Allowance saving.
Supplies and Services	25,600	24,850	(750)	Equipment and Subscription savings.
Income	(2,780)	(3,020)	(240)	Increase in recovery of Shared Equity Insurance premiums.
Capital Salaries	(1,800)	(1,800)	0	No variances.
	<b>280,900</b>	<b>279,456</b>	<b>(1,444)</b>	
<b>Industrial Estates</b>				
Premises Costs	34,914	46,467	11,553	£4,370 Premises Insurance. £3,216 Repairs and Maintenance. £3,500 Business Rates growth due to vacant units in North Walsham.
Capital Financing	24,189	24,189	0	No variances.
Income	(236,353)	(237,936)	(1,583)	(£5,978) Recharge increase to tenants in relation to service chargeable costs (Repairs and Maintenance and Grounds Maintenance). £4,395 Lower Rental income due to vacant units in North Walsham.
	<b>(177,250)</b>	<b>(167,280)</b>	<b>9,970</b>	

	Base Budget 2025/26	Base Budget 2026/27	Movement	Movement Explanation
Service	£	£	£	
<b>It - Support Services</b>				
Employee Costs	1,110,382	1,164,412	54,030	See <b>Note A</b> Below:
Transport Related	800	1,020	220	Public Transport.
Supplies and Services	1,018,634	1,065,265	46,631	£1,525 Subscription transfer from Programme and Project Management. £32,791 Computer Costs. £15,115 Software growth. (£4,556) Other Professional Fee savings.
Capital Financing	206,587	206,587	0	No variances.
	<b>2,336,403</b>	<b>2,437,284</b>	<b>100,881</b>	

**Note A:** £46,471 Post transfer from Programme and Project Management. £28,458 Employee Inflation. £8,875 Growth in relation to making post permanent in Applications Team. (£14,057) Savings due to restructure within The Web team. (£15,717) Pension Adjustment.

#### Insurance & Risk Management

Employee Costs	58,150	60,320	2,170	Employee Inflation.
Transport Related	11,670	11,880	210	Vehicle Insurance Inflation.
Supplies and Services	154,010	154,740	730	£5,930 Public Liability and Public Health Act Insurance Inflation. (£5,200) Cash in Transit, All Risks Insurance and Theft of Contents Insurance savings.
	<b>223,830</b>	<b>226,940</b>	<b>3,110</b>	

#### Internal Audit

Supplies and Services	90,846	81,000	(9,846)	Audit Fee saving.
	<b>90,846</b>	<b>81,000</b>	<b>(9,846)</b>	

#### Investment Properties

Premises Costs	217,342	255,034	37,692	See <b>Note A</b> Below:
Supplies and Services	2,079	2,500	421	£330 Transfer from NNIC. £131 Transfer from Premises Costs. £40 Marketing Inflation. (£80) Growth Insurance Engineering.
Capital Financing	111,696	114,347	2,651	Transfer from NNIC.
Income	(221,927)	(298,893)	(76,966)	See <b>Note B</b> Below:
	<b>109,190</b>	<b>72,988</b>	<b>(36,202)</b>	

**Note A:** Transfers: £18,586 from NNIC, £6,343 from Chalets/Beach Huts, £131 to Supplies and Services. Growth: £7,600 Contract Cleaning and Repairs and Maintenance for 26 Loudon Road (old NNIC). Inflation: £3,390 Insurance, £3,318 Repairs and Maintenance, £2,800 Grounds Maintenance and (£4,354) Utilities.

**Note B:** Transfers: (£10,000) from NNIC. Inflation: (£26,538) Service Chargeable Cost recovery. (£14,000) Rental Income. £1,611 Decrease in Internal Service Charge from Rocket House to Public Conveniences. Growth in relation to 26 Loudon Road: (£10,840) Service Chargeable Cost recovery, (£16,500) Rental Income.

#### Non Distributed Costs

Employee Costs	276,280	276,280	0	No variances.
IAS 19 Adjustment	(276,280)	(276,280)	0	No variances.
	<b>0</b>	<b>0</b>	<b>0</b>	

#### Playgrounds

Premises Costs	31,450	32,450	1,000	Grounds maintenance inflation.
Supplies and Services	63,237	63,492	255	Other Professional Fees inflation.
	<b>94,687</b>	<b>95,942</b>	<b>1,255</b>	

#### Poppyfields

Premises Costs	3,425	2,925	(500)	Repairs and Maintenance saving.
Supplies and Services	20,100	19,700	(400)	Equipment Purchases saving.
	<b>23,525</b>	<b>22,625</b>	<b>(900)</b>	

	Base Budget 2025/26	Base Budget 2026/27	Movement	Movement Explanation
Service	£	£	£	
<b>Property Services</b>				
Employee Costs	597,381	604,981	7,600	£17,268 Employee Inflation. (£9,868) Pension Adjustment.
Premises Costs	2,040	227,180	225,140	Premises Insurance inflation. £225,000 One off growth in relation to the following works: NNDC Cromer Roof Leaks and replacement of PV Panels, Stalham Green Pond and Super Structure works on Cromer Pier.
Transport Related	29,850	23,908	(5,942)	Electric van to become capital cost.
Supplies and Services	20,261	19,731	(530)	Mobile phone rentals.
Capital Financing	16,354	16,354	0	No variances.
	<b>665,886</b>	<b>892,154</b>	<b>226,268</b>	
<b>Public Conveniences</b>				
Premises Costs	775,800	781,408	5,608	Inflation in relation to: £15,500 Contract Cleaning, £5,531 Business Rates and (£15,623) Electricity.
Supplies and Services	41,100	42,540	1,440	Minor inflationary increases.
Transfer Payments	17,224	15,613	(1,611)	Decrease in Internal Service Charges to Rocket House toilets.
Capital Financing	139,989	139,989	0	No variances.
	<b>974,113</b>	<b>979,550</b>	<b>5,437</b>	
<b>Revenue Services</b>				
Employee Costs	1,014,776	1,032,922	18,146	£25,567 Employee Inflation. £5,162 Net movement of posts funded by reserves. (£12,583) Pension Adjustment.
Transport Related	1,844	2,344	500	Travelling Allowance Growth.
Supplies and Services	183,173	178,991	(4,182)	£2,000 Postage costs inflation. (£6,467) Net movement of software funded by reserves.
Income	(454,130)	(473,000)	(18,870)	Collection Fund Demand - District inflation.
	<b>745,663</b>	<b>741,257</b>	<b>(4,406)</b>	
<b>Surveyors Allotments</b>				
Premises Costs	6,500	6,650	150	Repairs and Maintenance.
Income	(50)	(50)	0	No variances.
	<b>6,450</b>	<b>6,600</b>	<b>150</b>	
<b>Total Finance, Assets and Revenues</b>	<b>4,313,733</b>	<b>4,450,309</b>	<b>136,576</b>	

## Resources Base Budget 2026/27

## Assistant Director - Sustainable Growth

Service	Base Budget 2025/26 £	Base Budget 2026/27 £	Movement £	Movement Explanation
<b>Ad Sustainable Growth</b>				
Employee Costs	94,934	95,581	647	No major variances.
Transport Related	1,944	1,944	0	No variances.
Supplies and Services	200	200	0	No variances.
	<b>97,078</b>	<b>97,725</b>	<b>647</b>	
<b>Business Growth Staffing</b>				
Employee Costs	243,910	237,501	(6,409)	(£8,572) Pension adjustments. (£5,614) Surplus saving from previously removed post. £7,777 Employee inflation.
Transport Related	5,376	4,432	(944)	No major variances.
Supplies and Services	100	100	0	No variances.
	<b>249,386</b>	<b>242,033</b>	<b>(7,353)</b>	
<b>Coast Protection</b>				
Employee Costs	356,548	320,421	(36,127)	(£28,224) Changes in Coastwise employees offset by reduced capital salaries. (£7,903) Pension adjustment.
Premises Costs	156,038	288,078	132,040	£125,000 new budget for reactive coastal works. £7,500 inflation on sea defences.
Transport Related	944	944	0	No variances.
Supplies and Services	64,950	32,500	(32,450)	Budget transferred to coastal management.
Capital Financing	503,880	503,880	0	No variances.
Capital Salaries	(331,748)	(303,524)	28,224	Reduced income offset by above.
	<b>750,612</b>	<b>842,299</b>	<b>91,687</b>	
<b>Coastal Management</b>				
Employee Costs	346,510	324,245	(22,265)	(£24,228) Fixed term post complete, funded from income. (£6,621) Pension adjustment. £9,584 Employee inflation.
Transport Related	11,163	9,720	(1,443)	No major variances.
Supplies and Services	2,620	33,870	31,250	Contributions budget transferred from coast protection.
Income	(69,057)	(45,143)	23,914	Fixed term post complete, externally funded.
	<b>291,236</b>	<b>322,692</b>	<b>31,456</b>	
<b>Economic Growth</b>				
Employee Costs	700	700	0	No variances.
Premises Costs	5,180	5,677	497	No major variances.
Supplies and Services	379,802	49,500	(330,302)	Completion of UK Shared Prosperity Fund.
Capital Financing	47,792	47,792	0	No variances.
Income	(330,302)	0	330,302	Completion of UK Shared Prosperity Fund.
	<b>103,172</b>	<b>103,669</b>	<b>497</b>	

**Environmental Strategy**

Employee Costs	169,823	130,407	(39,416)	(£38,311) Fixed term posts complete, funded from income. (£5,020) Pension adjustments. £3,915 Employee inflation.
Transport Related	1,146	910	(236)	No major variances.
Supplies and Services	71,050	51,050	(20,000)	Reduced reserve funded expenditure.
Income	(42,391)	0	42,391	Fixed term posts complete, externally funded.
	<b>199,628</b>	<b>182,367</b>	<b>(17,261)</b>	

**Housing Strategy**

Employee Costs	135,187	138,869	3,682	No major variances.
Transport Related	1,644	1,644	0	No variances.
Supplies and Services	11,000	11,000	0	No variances.
Capital Financing	761,647	761,647	0	No variances.
	<b>909,478</b>	<b>913,160</b>	<b>3,682</b>	

**Tourism**

Supplies and Services	56,000	121,025	65,025	£64,000 Economic Growth.
	<b>56,000</b>	<b>121,025</b>	<b>65,025</b>	

**Total Economic Growth**

<b>2,656,590</b>	<b>2,824,970</b>	<b>168,380</b>
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**Total Resources**

<b>6,970,323</b>	<b>7,275,279</b>	<b>304,956</b>
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## Service Delivery Base Budget 2026/27

## Assistant Director Environment &amp; Leisure Services

	Base Budget 2025/26	Base Budget 2026/27	Movement	Movement Explanation
Service	£	£	£	
<b>Ad Environmental &amp; Leisure Svs</b>				
Employee Costs	99,402	95,681	(3,721)	Employee inflation.
Transport Related	1,744	1,744	0	No Variances.
Supplies and Services	100	100	0	No Variances.
	<b>101,246</b>	<b>97,525</b>	<b>(3,721)</b>	
<b>Beach Safety</b>				
Premises Costs	2,750	2,750	0	No Variances.
Supplies and Services	372,283	389,221	16,938	£7,100 Inflation on Cleansing contract. £9,918 RNLI Lifeguard contract inflation.
	<b>375,033</b>	<b>391,971</b>	<b>16,938</b>	
<b>Civil Contingencies</b>				
Employee Costs	89,173	90,085	912	No Major Variances.
Transport Related	944	944	0	No Major Variances.
Supplies and Services	5,690	5,490	(200)	No Major Variances.
	<b>95,807</b>	<b>96,519</b>	<b>712</b>	
<b>Cleansing</b>				
Supplies and Services	1,099,500	1,130,950	31,450	Cleansing contract inflation.
Income	(90,400)	(108,000)	(17,600)	Increased recharges for dog and litter bin empties.
	<b>1,009,100</b>	<b>1,022,950</b>	<b>13,850</b>	
<b>Community Safety</b>				
Employee Costs	8,886	8,512	(374)	No Major Variances.
Transport Related	500	500	0	No Major Variances.
Supplies and Services	5,000	5,000	0	No Major Variances.
	<b>14,386</b>	<b>14,012</b>	<b>(374)</b>	
<b>Corporate Health and Safety</b>				
Employee Costs	88,339	0	(88,339)	All budgets transferred to Corporate Services.
Capital Financing	600	0	(600)	All budgets transferred to Corporate Services.
Supplies and Services	2,250	0	(2,250)	All budgets transferred to Corporate Services.
Income	(26,500)	0	26,500	All budgets transferred to Corporate Services.
	<b>64,689</b>	<b>0</b>	<b>(64,689)</b>	
<b>Environmental Contracts</b>				
Employee Costs	388,275	402,427	14,152	£19,849 Employee inflation. (£5,697) Pension adjustments.
Transport Related	12,444	12,444	0	No Major Variances.
Supplies and Services	1,275	1,675	400	No Major Variances.
	<b>401,994</b>	<b>416,546</b>	<b>14,552</b>	
<b>Environmental Protection</b>				
Employee Costs	573,467	620,533	47,066	£32,627 Employee transfers from Public Protection. £22,040 Employee inflation. (£7,601) Pension adjustments.
Transport Related	21,096	20,040	(1,056)	Lower travelling allowances.
Supplies and Services	58,450	75,050	16,600	£15,000 Budget transfer from Public Protection for Private Water Sampling (PWS). £1,600 Subscriptions.
Capital Financing	37,620	37,620	0	No Variances.
Income	(14,500)	(41,500)	(27,000)	Transfer of PWS income from Public Protection.
	<b>676,133</b>	<b>711,743</b>	<b>35,610</b>	

## Service Delivery Base Budget 2026/27

## Assistant Director Environment &amp; Leisure Services

	Base Budget 2025/26	Base Budget 2026/27	Movement	Movement Explanation
Service	£	£	£	
<b>Foreshore</b>				
Employee Costs	20,129	17,669	(2,460)	(£1,499) Employee inflation. (£961) Pension adjustments.
Premises Costs	45,701	49,032	3,331	Inflation on electricity and insurance costs.
Transport Related	700	700	0	No Major Variances.
Supplies and Services	2,300	2,300	0	No Major Variances.
	<b>68,830</b>	<b>69,701</b>	<b>871</b>	
<b>Internal Drainage Board Levies</b>				
Premises Costs	576,672	637,937	61,265	Increase in Drainage Board Levies.
	<b>576,672</b>	<b>637,937</b>	<b>61,265</b>	
<b>Leisure</b>				
Employee Costs	179,456	184,173	4,717	£7,560 Employee inflation. (£2,843) Pension adjustments.
Transport Related	5,332	5,332	0	No Variances.
Supplies and Services	27,550	27,550	0	No Variances.
	<b>212,338</b>	<b>217,055</b>	<b>4,717</b>	
<b>Leisure Complexes</b>				
Premises Costs	141,923	230,175	88,252	£100,000 Growth in Leisure services offset by a reduction of (£11,748) on running costs.
Supplies and Services	5,510	19,610	14,100	£18,030 Contribution to Everyone Active towards Business rates. (£3,930) Lower insurance premiums.
Capital Financing Income	587,211 (140,256)	587,211 (160,874)	0 (20,618)	No Major Variances. Higher profit share.
	<b>594,388</b>	<b>676,122</b>	<b>81,734</b>	
<b>Licensing</b>				
Employee Costs	656,994	271,016	(385,978)	(£363,738) Budget transfer from Public Protection - separate budget requested specifically for Licensing staff. £8,024 Employee inflation. (£30,264) Pension adjustments.
Transport Related	14,938	3,388	(11,550)	Travelling Allowance budgets transferred from Public Protection.
Supplies and Services	63,930	30,460	(33,470)	Transfer of PWS costs to Public Protection.
Income	(282,358)	(254,358)	28,000	Transfer of PWS income to Public Protection.
	<b>453,504</b>	<b>50,506</b>	<b>(402,998)</b>	
<b>Markets</b>				
Employee Costs	5,458	4,325	(1,133)	No Major Variances.
Premises Costs	22,138	22,501	363	No Major Variances.
Supplies and Services	4,150	4,200	50	No Major Variances.
Income	(40,000)	(40,000)	0	No Major Variances.
	<b>(8,254)</b>	<b>(8,974)</b>	<b>(720)</b>	
<b>Other Sports</b>				
Premises Costs	11,110	11,780	670	No Major Variances.
Supplies and Services	32,800	32,800	0	No Major Variances.
Income	(8,700)	(9,000)	(300)	No Major Variances.
	<b>35,210</b>	<b>35,580</b>	<b>370</b>	



## Service Delivery Base Budget 2026/27

## Assistant Director Environment &amp; Leisure Services

	Base Budget 2025/26	Base Budget 2026/27	Movement	Movement Explanation
Service	£	£	£	
<b>Parks &amp; Open Spaces</b>				
Premises Costs	275,240	282,863	7,623	This variance relates predominantly to inflation for the Grounds Maintenance contract.
Supplies and Services	66,000	68,200	2,200	Inflation on the Cleansing contract.
Capital Financing	1,368	1,368	0	No Variances.
Income	(8,250)	(8,250)	0	No Variances.
	<b>334,358</b>	<b>344,181</b>	<b>9,823</b>	
<b>Pier Pavilion</b>				
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.
	<b>13,286</b>	<b>13,286</b>	<b>0</b>	
<b>Public Protection</b>				
Employee Costs	0	350,488	350,488	£331,111 Budget transfer from Licensing specifically for Public Protection staffing. £19,377 Pension adjustments.
Transport Related	0	8,720	8,720	Budget transfer from Licensing.
Supplies and Services	0	14,200	14,200	Budget transfer from Licensing.
Income	0	(1,000)	(1,000)	Budget transfer from Licensing.
	<b>0</b>	<b>372,408</b>	<b>372,408</b>	
<b>Recreation Grounds</b>				
Premises Costs	7,200	7,450	250	No Major Variances.
Supplies and Services	7,300	7,550	250	No Major Variances.
Capital Financing	6,046	6,046	0	No Major Variances.
Income	(1,000)	(1,000)	0	No Major Variances.
	<b>19,546</b>	<b>20,046</b>	<b>500</b>	
<b>Street Signage</b>				
Supplies and Services	10,000	10,000	0	No Variances.
	<b>10,000</b>	<b>10,000</b>	<b>0</b>	
<b>Travellers</b>				
Premises Costs	6,959	7,108	149	Inflation on utilities.
Supplies and Services	57,700	60,476	2,776	Inflation on operating lease rental payments.
Capital Financing	6,104	6,104	0	No Variances.
Income	(1,000)	(1,000)	0	No Variances.
	<b>69,763</b>	<b>72,688</b>	<b>2,925</b>	
<b>Waste Collection And Disposal</b>				
Supplies and Services	6,112,401	7,712,285	1,599,884	See <b>Note A</b> below:
Capital Financing	764,192	764,192	0	No Variances.
Income	(4,981,482)	(5,322,195)	(340,713)	See <b>Note B</b> below:
	<b>1,895,111</b>	<b>3,154,282</b>	<b>1,259,171</b>	

**Note A:** £1,262,152 Growth in Environmental Services. £137,600 Inflation on Waste collection contract. Higher recycling processing costs - £143,626 Food waste, £22,000 Mixed Recyclables, £5,500 Commercial waste, £32,072 Garden waste, (£3,411) Lower Commercial waste disposal costs reflecting lower tonnage and a move to Food waste.

**Note B:** Additional Recycling Credit income - (£21,408) Mixed recyclables, (£23,757) Composting and (£164,848) Food waste. Additional fee income - (£76,200) Garden bins, (£34,500) Commercial waste collections and (£20,000) Bulky waste fee income.

## Service Delivery Base Budget 2026/27

## Assistant Director Environment &amp; Leisure Services

	Base Budget 2025/26	Base Budget 2026/27	Movement	Movement Explanation
Service	£	£	£	
<b>Woodlands Management</b>				
Employee Costs	194,722	200,304	5,582	£8,478 Employee inflation. (£2,896) Pension adjustments.
Premises Costs	52,831	54,408	1,577	Inflation for rents and utilities.
Transport Related	25,076	25,668	592	Maintenance checks on car leasing payments.
Supplies and Services	11,450	10,450	(1,000)	Budget not required for purchases for resale.
Capital Financing	5,449	5,449	0	No Variances.
Income	(69,960)	(60,000)	9,960	£10,000 savings bid from prior year.
	<b>219,568</b>	<b>236,279</b>	<b>16,711</b>	
<b>Total Environment and Leisure</b>	<b>7,232,708</b>	<b>8,652,363</b>	<b>1,419,655</b>	

## Service Delivery Base Budget 2026/27

## Assistant Director - Planning

Service	Base Budget 2025/26 £	Base Budget 2026/27 £	Movement £	Movement Explanation
<b>AD Planning</b>				
Employee Costs	127,004	122,981	(4,023)	No major variances.
Transport Related	1,325	1,325	0	No variances.
Income	(10,000)	(10,000)	0	No variances.
	<b>118,329</b>	<b>114,306</b>	<b>(4,023)</b>	
<b>Building Control</b>				
Employee Costs	547,287	515,142	(32,145)	(£26,785) Pension adjustments. (£19,874) Complete fixed term post, reserve funded. £15,514 Employee inflation.
Transport Related	18,764	19,328	564	No major variances.
Supplies and Services	14,270	8,777	(5,493)	Savings in professional fees & subscriptions.
Income	(517,642)	(517,642)	0	No variances.
	<b>62,679</b>	<b>25,605</b>	<b>(37,074)</b>	
<b>Conservation, Design &amp; Landscape</b>				
Employee Costs	344,405	338,417	(5,988)	(£13,502) Pension adjustment. £7,514 Employee inflation.
Transport Related	7,909	7,910	1	No major variances.
Supplies and Services	31,350	34,850	3,500	No major variances.
	<b>383,664</b>	<b>381,177</b>	<b>(2,487)</b>	
<b>Development Management</b>				
Employee Costs	1,428,532	1,450,502	21,970	£51,096 Unachievable restructure added back and funded from additional income below. £38,038 Employee inflation. (£35,747) Pension adjustments. (£31,417) Transfer post budget to planning enforcement.
Transport Related	26,824	24,880	(1,944)	No major variances.
Supplies and Services	57,750	55,050	(2,700)	No major variances.
Capital Financing	76,501	76,501	0	No variances.
Income	(1,077,500)	(1,087,500)	(10,000)	(£55,000) Additional income to fund above. (£30,000) Previously agreed income increases. £75,000 One off grant removed.
	<b>512,107</b>	<b>519,433</b>	<b>7,326</b>	
<b>Planning Enforcement Team</b>				
Employee Costs	202,310	256,016	53,706	£31,417 Post transfer from development management. £12,337 Employee inflation. £11,001 Saving added back as not achievable.
Transport Related	7,275	8,220	945	No major variances.
Supplies and Services	4,650	5,050	400	No major variances.
	<b>214,235</b>	<b>269,286</b>	<b>55,051</b>	
<b>Planning Policy</b>				
Employee Costs	397,744	402,146	4,402	£10,521 Employee inflation. (£6,710) Pension adjustments.
Transport Related	7,108	6,164	(944)	No major variances.
Supplies and Services	117,200	72,200	(45,000)	(£49,000) Reduced local plan spend.
	<b>522,052</b>	<b>480,510</b>	<b>(41,542)</b>	

## Service Delivery Base Budget 2026/27

## Assistant Director - Planning

Service	Base Budget 2025/26 £	Base Budget 2026/27 £	Movement £	Movement Explanation
<b>Property Information</b>				
Employee Costs	131,690	134,211	2,521	No major variances.
Transport Related	100	100	0	No variances.
Supplies and Services	97,790	47,880	(49,910)	(£50,000) One off migration costs funded from income.
Income	(178,450)	(100,950)	77,500	£50,000 one off income to fund above. £27,500 loss on income due to migration.
	<b>51,130</b>	<b>81,241</b>	<b>30,111</b>	
<b>Total Planning</b>	<b>1,864,196</b>	<b>1,871,558</b>	<b>7,362</b>	

## Service Delivery Base Budget 2026/27

## Assistant Director People Services

Service	Base Budget 2025/26 £	Base Budget 2026/27 £	Movement £	Movement Explanation
<b>Ad People Services</b>				
Employee Costs	77,607	94,926	17,319	£4,205 Employee inflation. £10,680 Growth for a full time AD post following retirement of existing postholder.
Transport Related	1,194	1,194	0	No Variances.
Supplies and Services	100	100	0	No Variances.
	<b>78,901</b>	<b>96,220</b>	<b>17,319</b>	
<b>Benefits Administration</b>				
Employee Costs	1,162,567	1,042,550	(120,017)	£86,535 Employee inflation. (£88,299) Employee transfers to Community. (£97,566) Non-recurring items to offset fixed term contracts in People Services. (£19,687) Pension adjustments.
Transport Related	2,832	3,388	556	No Major Variances.
Supplies and Services	56,350	56,100	(250)	No Major Variances.
Capital Financing	31,700	31,700	0	No Major Variances.
Income	(272,366)	(261,366)	11,000	Lower New Burdens Grant Funding.
	<b>981,083</b>	<b>872,372</b>	<b>(108,711)</b>	
<b>Community</b>				
Employee Costs	959,971	689,851	(270,120)	£4,884 Employee inflation. £88,299 Employee transfers from Benefits Administration. (£320,977) Grant and Reserve funded posts.(£37,442) Pension adjustments.
Transport Related	15,713	12,392	(3,321)	Reduced travelling costs for fixed term contract staff.
Supplies and Services	124,555	103,395	(21,160)	(£15,160) Completion of fixed term contract costs in People Services. (£5,000) Lower grant contributions.
Income	(233,512)	0	233,512	Reduced grant income.
Internal Income (Capital Salaries)	(281,360)	(251,856)	29,504	Reduced DFG grant.
	<b>585,367</b>	<b>553,782</b>	<b>(31,585)</b>	
<b>Homelessness</b>				
Premises Costs	130,594	129,778	(816)	Inflation and savings relating to utility budgets.
Supplies and Services	949,658	1,064,000	114,342	£129,000 Higher Rent Deposits and B&B Charges offset by savings of (£14,658) relating to Locata licences and contributions.
Capital Financing	83,963	83,963	0	No Variances.
Income	(1,747,767)	(1,201,453)	546,314	(£120,000) Higher recoverable income to offset higher B&B charges.(£5,000) Higher contributions from clients towards Locata costs. £672,184 Grant income not budgeted - however, when received, this will be allocated to offset staffing costs and Homelessness Prevention activities.
	<b>(583,552)</b>	<b>76,288</b>	<b>659,840</b>	

## Service Delivery Base Budget 2026/27

## Assistant Director People Services

Service	Base Budget 2025/26 £	Base Budget 2026/27 £	Movement £	Movement Explanation
<b>Housing Options</b>				
Employee Costs	826,240	486,850	(339,390)	(£309,080) Completion of fixed term contracts in People Services. (£30,310) Pension adjustments.
Transport Related	5,000	4,629	(371)	Reduced lump sum travelling costs.
Supplies and Services	4,144	4,000	(144)	No Major Variances.
	<b>835,384</b>	<b>495,479</b>	<b>(339,905)</b>	
<b>Total People Services</b>	<b>1,897,183</b>	<b>2,094,141</b>	<b>196,958</b>	
<b>Total Service Delivery</b>	<b>10,994,087</b>	<b>12,618,062</b>	<b>1,623,975</b>	

## Capital Programme - Budget Monitoring 2025/26

Scheme	Scheme Total Approval	Pre 2025/26 Expenditure	Updated Budget	Actual Expenditure	Remaining Budget (Forecasted YE spend)	Budget	Budget	Budget	Budget	Budget
	£	£	2025/26 £	2025/26 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	2030/31 £
<b>Our Greener Future</b>										
Cromer Offices LED Lighting Programme	178,796	172,715	6,081	6,081	0	0	0	0	0	0
Cromer Coast Protection Scheme	19,534,841	18,438,774	1,096,067	1,037,656	58,411	0	0	0	0	0
Coastal Erosion Assistance (Grants)	90,000	76,664	13,336	0	13,336	0	0	0	0	0
Mundesley Coastal Management Scheme	8,699,998	7,560,192	1,139,806	716,083	423,724	0	0	0	0	0
Coastal Management Fund	950,000	108,250	591,750	11,230	580,520	250,000	0	0	0	0
Coastwise	14,609,914	1,213,564	7,248,638	916,702	6,331,937	6,147,712	0	0	0	0
Purchase of Bins	600,000	150,000	178,476	21,394	157,082	150,000	150,000	0	0	0
Electric Vehicle Charging Points	248,600	215,283	33,317	0	33,317	0	0	0	0	0
The Reef Solar Carport	596,000	530,820	65,180	819	64,361	0	0	0	0	0
Holt Country Park Electricity Improvements	400,000	163,832	236,168	1,750	234,418	0	0	0	0	0
Public Conveniences Energy Efficiencies	150,000	1,218	148,782	3,415	145,367	0	0	0	0	0
Coastal Defences	600,000	150,000	150,000	50,845	99,155	150,000	150,000	0	0	0
Fakenham Sports Centre Decarbonisation	514,300	0	171,400	15,000	156,400	342,900	0	0	0	0
Waste Vehicles & Food Waste Bins	1,972,750	16,750	1,956,000	0	1,956,000	0	0	0	0	0
Overstrand Seawall Works	1,280,000	0	1,280,000	0	1,280,000	0	0	0	0	0
			14,315,002	2,780,974	11,534,027	7,040,612	300,000	0	0	0

## Capital Programme - Budget Monitoring 2025/26

Scheme	Scheme Total Approval	Pre 2025/26 Expenditure	Updated Budget	Actual Expenditure	Remaining Budget (Forecasted YE spend)	Budget	Budget	Budget	Budget	Budget
	£	£	2025/26 £	2025/26 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	2030/31 £
<b>Developing Our Communities</b>										
Public Conveniences (Sheringham & North Walsham)	565,514	542,818	22,696	23,555	(859)	0	0	0	0	0
Public Conveniences - Albert Street, Holt	370,000	277,998	92,002	74,320	17,682	0	0	0	0	0
Cromer Pier - Steelworks and Improvements to Pavilion Theatre	1,384,000	1,086,033	297,967	0	297,967	0	0	0	0	0
North Walsham 3G Facility	860,000	12,432	847,568	0	847,568	0	0	0	0	0
Cromer 3G Football Facility	1,000,000	20,859	979,141	684,743	294,398	0	0	0	0	0
The Reef Leisure Centre	12,861,000	12,608,177	252,823	51,721	201,102	0	0	0	0	0
Green Road Football Facility (North Walsham)	60,000	9,777	50,223	0	50,223	0	0	0	0	0
New Play Area (Sheringham, The Lees)	120,000	48,571	71,429	71,889	(460)	0	0	0	0	0
Fakenham Leisure and Sports Hub (FLASH)	11,630,000	539,514	11,090,486	1,638,865	9,451,621	0	0	0	0	0
Back Stage Refurbishment - Pier Pavilion Theatre	405,000	388,335	16,665	16,468	197	0	0	0	0	0
Holt Country Park Staff Facilities	93,500	89,497	4,003	0	4,003	0	0	0	0	0
Cromer Church Wall	50,000	0	50,000	0	50,000	0	0	0	0	0
Cabbell Park Clubhouse	237,000	0	237,000	0	237,000	0	0	0	0	0
Itteringham Shop Roof Renovation	20,000	0	20,000	0	20,000	0	0	0	0	0
Holt Country Park Septic Tank	30,000	0	30,000	0	30,000	0	0	0	0	0
Public Conveniences Renovation, Holt Country Park	50,000	0	50,000	5,005	44,995	0	0	0	0	0
Holt Country Park Eco Learning Space	140,000	0	140,000	0	140,000	0	0	0	0	0
Holt Country Park Play Equipment	85,000	0	85,000	0	85,000	0	0	0	0	0
			14,337,003	2,566,566	11,770,437	0	0	0	0	0



## Capital Programme - Budget Monitoring 2025/26

Scheme	Scheme Total Approval	Pre 2025/26 Expenditure	Updated Budget	Actual Expenditure	Remaining Budget (Forecasted YE spend)	Budget	Budget	Budget	Budget	Budget
	£	£	2025/26 £	2025/26 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	2030/31 £
<b>Meeting Our Housing Needs</b>										
Disabled Facilities Grants	12,079,040	Annual Programme	2,079,040	689,178	1,389,863	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Compulsory Purchase of Long-Term Empty Properties	930,000	546,165	383,835	0	383,835	0	0	0	0	0
Community Housing Fund (Grants to Housing Providers)	2,054,373	1,425,212	629,161	160,000	469,161	0	0	0	0	0
Council Owned Temporary Accommodation	6,346,584	4,762,007	1,584,577	854,275	730,302	0	0	0	0	0
Housing S106 Enabling	2,500,000	1,136,000	1,064,000	0	1,064,000	300,000	0	0	0	0
Loans to Housing Providers	600,000	260,000	340,000	310,000	30,000	0	0	0	0	0
			6,080,613	2,013,452	4,067,161	2,300,000	2,000,000	2,000,000	2,000,000	2,000,000

## Capital Programme - Budget Monitoring 2025/26

Scheme	Scheme Total Approval	Pre 2025/26 Expenditure	Updated Budget	Actual Expenditure	Remaining Budget (Forecasted YE spend)	Budget	Budget	Budget	Budget	Budget
	£	£	2025/26 £	2025/26 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	2030/31 £
<b>Investing In Our Local Economy And Infrastructure</b>										
Rocket House	1,077,085	224,638	852,447	137,998	714,449	0	0	0	0	0
Property Acquisitions	710,000	9,133	700,868	0	700,868	0	0	0	0	0
Chalet Refurbishment	125,000	72	124,928	15,242	109,686	0	0	0	0	0
Marrams Building Renovation	50,000	3,487	46,513	0	46,513	0	0	0	0	0
Car Parks Refurbishment	601,000	129,200	411,800	16,523	395,276	60,000	0	0	0	0
Marrams Footpath and Lighting	290,000	52,627	237,373	7,975	229,398	0	0	0	0	0
Asset Roof Replacements (Art Deco Block, Red Lion Retail Unit, Sheringham Chalet's)	165,351	75,138	90,213	74,945	15,269	0	0	0	0	0
UK Shared Prosperity Fund	474,196	399,403	74,793	15,000	59,793	0	0	0	0	0
Rural England Prosperity Fund	1,895,110	1,457,851	437,259	407,537	29,722	0	0	0	0	0
New Fire Alarm and Fire Doors in Cromer Offices	150,000	149,214	786	400	386	0	0	0	0	0
West Prom Sheringham, Lighting & Cliff Railings	55,000	0	55,000	25,113	29,887	0	0	0	0	0
Collectors Cabin Roof	30,000	375	29,625	15,975	13,650	0	0	0	0	0
Sunken Gardens Improvements, Marrams, Cromer	150,000	0	150,000	1,260	148,740	0	0	0	0	0
Weybourne Car Park Improvements	20,000	0	20,000	15,000	5,000	0	0	0	0	0
			<b>3,231,603</b>	<b>732,968</b>	<b>2,498,635</b>	<b>60,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Capital Programme - Budget Monitoring 2025/26

Scheme	Scheme Total Approval	Pre 2025/26 Expenditure	Updated Budget	Actual Expenditure	Remaining Budget (Forecasted YE spend)	Budget	Budget	Budget	Budget	Budget
	£	£	2025/26 £	2025/26 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	2030/31 £
<b>A Strong, Responsible And Accountable Council</b>										
User IT Hardware Refresh	300,000	180,000	60,000	15,037	44,963	60,000	0	0	0	0
New Revenues and Benefits System	200,720	0	200,720	200,000	720	0	0	0	0	0
Customer Services C3 Software	32,600	0	32,600	23,375	9,225	0	0	0	0	0
Property Services Asset Management Database	30,000	0	30,000	9,900	20,100	0	0	0	0	0
Replacement of Uninterruptible Power Supply	40,000	0	40,000	0	40,000	0	0	0	0	0
			<b>363,320</b>	<b>248,312</b>	<b>115,008</b>	<b>60,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Totals</b>			<b>38,327,541</b>	<b>8,342,273</b>	<b>29,985,268</b>	<b>9,460,612</b>	<b>2,300,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>

2025/26 Capital Programme Financing Table	Budget 2025/26	Actual Expenditure 2025/26	Remaining Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Budget 2029/30	Budget 2030/31
Grants	24,523,160	6,230,574	18,292,586	8,147,712	2,000,000	2,000,000	2,000,000	2,000,000
Other Contributions	3,780,000	776,564	3,003,436	300,000	0	0	0	0
Reserves	1,438,049	366,623	1,071,426	278,600	0	0	0	0
Revenue Contribution to Capital (RCCO)	20,000	15,000	5,000	0	0	0	0	0
Capital receipts	2,952,942	683,903	2,269,039	610,000	300,000	0	0	0
Borrowing	5,613,390	269,609	5,343,781	124,300	0	0	0	0
<b>Total</b>	<b>38,327,541</b>	<b>8,342,273</b>	<b>29,985,268</b>	<b>9,460,612</b>	<b>2,300,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>

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## Reserves Statement Budget 2026-27 onwards

Reserve	Purpose and Use of Reserve	Balance 01/04/25	Updated Budgeted Movement 2025/26	Forecast 2025/26	Forecast 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	Budgeted Movement 2029/30	Balance 01/04/30
		£	£	£	£	£	£	£	£	£	£	£	£
<b>General Fund - General Reserve</b>	A working balance and contingency, current recommended balance is £2.1 million.	<b>2,825,161</b>	(14,706)	(139,706)	<b>2,685,455</b>	303,844	<b>2,989,299</b>	0	<b>2,989,299</b>	0	<b>2,989,299</b>	0	<b>2,989,299</b>
<b>Earmarked Reserves:</b>													
Capital Projects	To provide funding for capital developments and purchase of major assets.	<b>474,807</b>	(474,807)	(474,807)	<b>(0)</b>	0	<b>(0)</b>	0	<b>(0)</b>	0	<b>(0)</b>	0	<b>(0)</b>
Asset Management	To support improvements to our existing assets as identified through the Asset Management Plan.	<b>427,948</b>	(172,169)	(172,169)	<b>255,779</b>	300,000	<b>555,779</b>	0	<b>555,779</b>	0	<b>555,779</b>	0	<b>555,779</b>
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.	<b>727,822</b>	(51,567)	(51,567)	<b>676,255</b>	0	<b>676,255</b>	0	<b>676,255</b>	0	<b>676,255</b>	0	<b>676,255</b>
Building Control	Building Control surplus ring-fenced to cover any future deficits in the service.	<b>105,085</b>	(19,874)	(19,874)	<b>85,211</b>	0	<b>85,211</b>	0	<b>85,211</b>	0	<b>85,211</b>	0	<b>85,211</b>
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.	<b>1,683,890</b>	(18,000)	(18,000)	<b>1,665,890</b>	(18,000)	<b>1,647,890</b>	(18,000)	<b>1,629,890</b>	(18,000)	<b>1,611,890</b>	0	<b>1,611,890</b>
Coast Protection	To support the ongoing coast protection maintenance programme and carry forward funding between financial years.	<b>219,393</b>	0	0	<b>219,393</b>	0	<b>219,393</b>	0	<b>219,393</b>	0	<b>219,393</b>	0	<b>219,393</b>
Communities	To support projects that communities identify where they will make a difference to the economic and social wellbeing of the area.	<b>168,941</b>	0	0	<b>168,941</b>	(160,000)	<b>8,941</b>	0	<b>8,941</b>	0	<b>8,941</b>	0	<b>8,941</b>
Delivery Plan	To help achieve the outputs from the Corporate Plan and Delivery Plan.	<b>1,117,423</b>	(609,432)	(609,432)	<b>507,991</b>	(50,000)	<b>457,991</b>	0	<b>457,991</b>	0	<b>457,991</b>	0	<b>457,991</b>
Economic Development and Regeneration	Earmarked from previous underspends within Economic Development and Regeneration Budgets.	<b>178,079</b>	0	(34,000)	<b>144,079</b>	0	<b>144,079</b>	0	<b>144,079</b>	0	<b>144,079</b>	0	<b>144,079</b>
Election Reserve	Established to meet costs associated with district council elections, to smooth the impact between financial years.	<b>123,000</b>	60,000	60,000	<b>183,000</b>	0	<b>183,000</b>	0	<b>183,000</b>	0	<b>183,000</b>	0	<b>183,000</b>
Enforcement Works	Established to meet costs associated with district council enforcement works including buildings at risk .	<b>39,884</b>	0	0	<b>39,884</b>	0	<b>39,884</b>	0	<b>39,884</b>	0	<b>39,884</b>	0	<b>39,884</b>
Environmental Health	Earmarking of previous underspends and additional income to meet Environmental Health initiatives.	<b>668,414</b>	0	0	<b>668,414</b>	0	<b>668,414</b>	0	<b>668,414</b>	0	<b>668,414</b>	0	<b>668,414</b>
Environment Reserve	To fund expenditure relating to the Council's Green Agenda.	<b>150,000</b>	0	0	<b>150,000</b>	0	<b>150,000</b>	0	<b>150,000</b>	0	<b>150,000</b>	0	<b>150,000</b>
Extended Responsibility Producer	Earmarking of money to be received in relation to packaging, waste collection and disposal costs.	<b>0</b>	1,283,233	1,283,233	<b>1,283,233</b>	0	<b>1,283,233</b>	0	<b>1,283,233</b>	0	<b>1,283,233</b>	0	<b>1,283,233</b>

## Reserves Statement Budget 2026-27 onwards

Reserve	Purpose and Use of Reserve	Balance 01/04/25	Updated Budgeted Movement 2025/26	Forecast 2025/26	Forecast 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	Budgeted Movement 2029/30	Balance 01/04/30
		£	£	£	£	£	£	£	£	£	£	£	£
Grants	Revenue Grants received and due to timing issues not used in the year.	2,719,520	(95,159)	(237,660)	2,481,860	(83,854)	2,398,006	(19,720)	2,378,286	(20,020)	2,358,266	0	2,358,266
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.	1,551,341	(284,460)	(284,460)	1,266,881	(219,959)	1,046,922	(59,513)	987,409	0	987,409	0	987,409
Innovation Fund	Contract default payments earmarked to fund service improvement projects.	593,019	0	0	593,019	0	593,019	0	593,019	0	593,019	0	593,019
Land Charges	To mitigate the impact of potential income reductions.	250,052	0	0	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.	52,914	(4,579)	(4,579)	48,335	0	48,335	0	48,335	0	48,335	0	48,335
Local Government Reorganisation	To provide for costs associated with the implementation of Local Government Reorganisation.	0	0	0	0	750,000	750,000	0	750,000	0	750,000	0	750,000
Major Repairs Reserve	To provide provision for the repair and maintenance of the councils asset portfolio.	456,327	(50,000)	(50,000)	406,327	0	406,327	0	406,327	0	406,327	0	406,327
Net Zero Initiatives	to support the Councils Net Zero programme	384,037	(21,400)	(21,400)	362,637	(278,600)	84,037	0	84,037	0	84,037	0	84,037
New Homes Bonus (NHBS)	Established for supporting communities with future growth and development and Plan review*	118,315	(83,763)	(45,763)	72,552	0	72,552	0	72,552	0	72,552	0	72,552
Organisational Development	To provide funding for organisation development to create capacity within the organisation, including the provision and support for apprenticeships and internships.	98,881	0	0	98,881	0	98,881	0	98,881	0	98,881	0	98,881
Pathfinder	To help Coastal Communities adapt to coastal changes.	89,566	0	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.	278,433	46,763	46,763	325,196	12,000	337,196	50,000	387,196	50,000	437,196	50,000	487,196
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.	699,748	0	(159,205)	540,543	0	540,543	0	540,543	0	540,543	0	540,543
Second Home Premium	To earmark the additional income delivered from the introduction of second Home premium council tax, to be used for affordable housing and homelessness prevention initiatives.	0	515,337	515,337	515,337	285,000	800,337	400,000	1,200,337	400,000	1,600,337	400,000	2,000,337
Treasury	To smooth impacts on the Revenue account of movement in fair value changes of the Councils holdings in Pooled Funds	300,000	0	0	300,000	0	300,000	0	300,000	0	300,000	0	300,000
<b>Total Reserves</b>		<b>16,502,000</b>	<b>5,417</b>	<b>(417,289)</b>	<b>16,084,711</b>	<b>840,431</b>	<b>16,925,142</b>	<b>352,767</b>	<b>17,277,909</b>	<b>411,980</b>	<b>17,689,889</b>	<b>450,000</b>	<b>18,139,889</b>

## Capital Bids 2026/27

Scheme	Total Scheme Cost £	Budget 2026/27 £	Budget 2027/28 £	Budget 2028/29 £	Budget 2029/30 £
<b>Our Greener Future</b>					
Environmental Services Infrastructure Upgrade	760,000	760,000	0	0	0
NNDC Cromer Office Solar Panels	60,000	60,000	0	0	0
<b>Developing our Communities</b>					
Play Area Equipment	120,000	120,000	0	0	0
Cromer Pier Substructure Works	3,670,000	470,000	1,030,000	2,170,000	0
Cromer Pier Fire Service Dry Riser	100,000	100,000	0	0	0
Melbourne Slope, Cromer Public Realm & Shelter	30,000	30,000	0	0	0
Newgate Lane, Wells, Public Conveniences	40,000	40,000	0	0	0
<b>Meeting our Housing Needs</b>					
Purchase of Temporary Accommodation	4,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Investing In Our Local Economy And Infrastructure</b>					
Cornish Way Industrial Units Roof Renovations	500,000	500,000	0	0	0
Fakenham Connect Roof and Fire Doors	100,000	100,000	0	0	0
The Watch House Cliff Stabilisation Works	400,000	400,000	0	0	0
North Lodge Car Park	250,000	250,000	0	0	0
The Cedars Renovations	240,000	240,000	0	0	0
Car Park Improvements	325,000	325,000	0	0	0
Drs Steps, Cromer	70,000	70,000	0	0	0
<b>Investing In Our Local Economy And Infrastructure</b>					
Reprographics Guillotine	15,000	15,000	0	0	0
<b>Total Capital Bids</b>	<b>10,680,000</b>	<b>4,480,000</b>	<b>2,030,000</b>	<b>3,170,000</b>	<b>1,000,000</b>

Capital Programme Financing	Budget 2026/27 £	Budget 2027/28 £	Budget 2028/29 £	Budget 2029/30 £
Grants	1,000,000	1,000,000	1,000,000	1,000,000
Other Contributions	75,000	0	0	0
Asset Management Reserve	0	0	0	0
Major Projects Reserve	0	0	0	0
Delivery Plan Reserve	0	0	0	0
Capital Projects Reserve	0	0	0	0
Net Zero Reserve	0	0	0	0
Second Homes Premium	0	0	0	0

Scheme	Total Scheme Cost £	Budget 2026/27 £	Budget 2027/28 £	Budget 2028/29 £	Budget 2029/30 £
Revenue Contribution to Capital (RCCO)		0	0	0	0
Capital Receipts		15,000	0	0	0
Internal / External Borrowing		3,390,000	1,030,000	2,170,000	0
<b>TOTAL FINANCING</b>		<b>4,480,000</b>	<b>2,030,000</b>	<b>3,170,000</b>	<b>1,000,000</b>
<b>Total requested costs</b>		<b>10,680,000</b>			



# Medium Term Financial Strategy

2026/27 to 2029/30

North Norfolk District Council

# Executive Summary

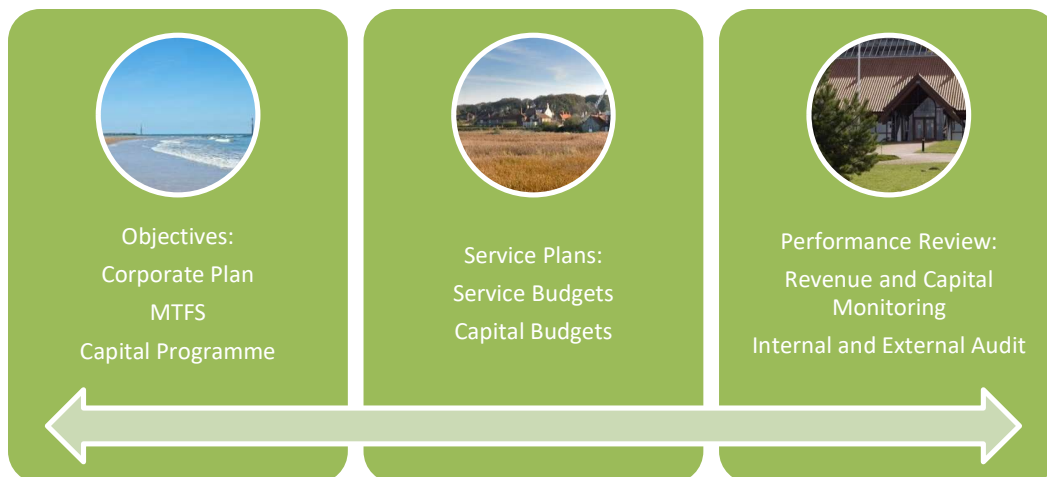
North Norfolk District Council's Medium Term Financial Strategy (MTFS) is a strategic document that supports the delivery of the Corporate Plan. The MTFS sets out how Council's priorities will be achieved by setting out the framework within which resources are available to the Council over the medium term and the financial challenges facing the Council in terms of future funding gaps.

## The MTFS aims to:

- provide a high-level assessment of the resources available and outlines the projections for the following three financial years (beyond the current year);
- refresh the financial projections taking into account a number of local and national factors. These will include known spending pressures and commitments, along with forecast future funding reductions and the impact of the national economic outlook;
- provide preparatory work for the following year's budget;
- explore the demands on the capital programme both in terms of ambition and resources along with the impact on the revenue account and reserve levels held by the Council;
- address the sustainability of the Council's financial position.

The MTFS is fundamentally linked to the Corporate Plan, a summary of which can be found at: <https://www.north-norfolk.gov.uk/media/9394/corporate-plan-2023-to-2027.pdf>

The following diagram provides an overview of the financial processes undertaken by the Council to ensure value for money for the tax payers.



The Council is currently projecting a deficit position for the coming years. Forecasting the deficit allows the Council time to plan mitigating actions more effectively, meaning they are more likely to be successful. This strategy will explore some of the Council's plans for addressing this deficit.

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Appendix 1: General Fund Summary

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# 1. Context

The population of North Norfolk is gradually increasing, with residents living longer. There is a higher than average number of residents migrating into the district, particularly in the 50-64 years age group as people retire to the area. When compared to county and regional averages, there are far more over 55 year olds proportionately that live in North Norfolk; this puts pressure on services such as Adult Social Care in the district.

North Norfolk has a fairly low index of deprivation score, but is higher than the East of England averages. Areas of deprivation often require higher levels of service provision and are a budget pressure for both NNDC and the County Council. Barriers to housing services and living environment are the highest deprived domains within North Norfolk and these are increasing in deprivation.

The strongest business sectors in the district are:

- Accommodation and food services
- Manufacturing
- Construction
- Arts, entertainment and recreation
- Retail & Wholesale
- Agriculture

There is a higher than average number of micro-businesses in North Norfolk and this trend is increasing. This area has a lower than average number of new business start-ups. The Council offers support for its small businesses through Business Rates relief schemes.

North Norfolk has proportionally more residential property sales than the East of England average, with house prices higher than the County average. The unaffordability of houses and number of second homes is proportionally higher in North Norfolk. The high number of second homes particularly increases the burden on Council services, as well as affecting the sense of community in individual areas with a high number of second homes.

A large part of the North Norfolk economy is dependent on tourism and travel to the area, with the Council itself benefiting directly from tourism in the form of car parking income. Visitor trips to North Norfolk remain strong, with July, August and December being the most popular months for tourists. Overall, visitors spend and the numbers of jobs in the tourism sector are increasing.

## 2. National Pressures

*Some pressures are driven nationally and are beyond the control of the Council and may come about due to policy directions or new legislation from Central Government. Some of these which affect NNDC are shown below.*

### Local Government Reorganisation & Devolution

The Government has indicated its intention to proceed with Local Government Reorganisation (LGR) in England, with the objective of simplifying governance structures, improving service delivery, and strengthening financial sustainability. As part of this process, Norfolk councils were invited to submit proposals for reorganisation, and three proposals have now been developed and submitted covering the Norfolk area. These proposals set out alternative models for replacing the current two-tier structure with new unitary arrangements.

At this stage, no final decision has been made by Government. While the emerging direction of travel points towards larger unitary authorities, including indicative population thresholds, the timing, final structure, funding arrangements, and transitional support if any remain uncertain. The Government has signalled that a “minded-to” decision will be issued, currently expect in March 2026, following assessment of the proposals, with statutory consultation and implementation arrangements to follow.

For North Norfolk District Council, the LGR process introduces a period of strategic and financial uncertainty which must be reflected within the MTFS. In particular, the Council must consider the risk of committing to recurring expenditure, long-term savings plans, or significant structural change while the future governance framework remains unresolved. There is also uncertainty regarding the treatment of reserves, assets, liabilities, staffing, and the funding of transitional and implementation costs.

Discussions continue in relation to devolution for Norfolk and Suffolk, including the potential establishment of a combined strategic authority and the transfer of certain powers and responsibilities, such as transport, housing, economic development and skills. As of January 2026, no devolution deal has been formally agreed, and the scope, governance arrangements, funding mechanisms, and implementation timetable remain subject to ongoing negotiation with central government. The interaction between devolution and LGR including how responsibilities and funding would align between any new unitary authorities and a potential combined authority, is not yet fully defined.

The Government invited councils subject to reorganisation to request to hold elections for the short-lived authorities. This Council is not due to hold elections itself before the anticipated vesting day of any successor unitary authority of 1 April 2028, but may run elections for the County Council within our district.

Once any Structural Change Order for the new unitary authorities(y) are(is) approved by parliament this is likely to be accompanied by a section 24 notice compelling predecessor authorities to seek consent before committing significant sums. This uncertainty around elections, and the role of any future shadow unitary or mayoral authority and governance on spending, are relevant considerations for the MTFS, particularly when assessing the appropriateness of long-term financial commitments and permanent structural changes while the future local government framework remains unresolved. Moreover

In the context of continual efforts to mitigate any budget gaps, the Council's approach is therefore focused on short-term and medium-term measures that maintain financial stability while preserving flexibility. Once greater clarity is provided on the preferred LGR model, timescales, and funding arrangements, future iterations of the MTFS will be reviewed and updated accordingly to reflect the implications for NNDC's financial position.

#### National Pay Review

Pay costs remain a significant element of local authority expenditure and continue to influence medium-term financial planning. In recent years, pay settlements across the public sector have reflected the elevated inflationary environment and wider labour market conditions.

Across the public sector, a number of workforces have agreed pay awards over the past two years, including settlements for junior doctors, teachers, and NHS staff. These agreements were reached in response to a range of factors, including cost-of-living pressures and workforce considerations, and provide relevant context for local government pay negotiations.

The pay award for 2025/26 was agreed in July 2025 and comprised a flat-rate increase of 3.2% for all grades.

As at January 2026, pay negotiations for future years remain subject to national bargaining arrangements and will take place within the context of prevailing economic conditions and the funding available to local government. The MTFS reflects this uncertainty through its pay assumptions, which are kept under review and updated as national agreements are reached.

#### Interest rates

Interest rates fluctuate based on several factors, driven primarily by economic conditions, Bank of England policies, and market dynamics.

The Bank of England base rate was reduced to 3.75% in December 2025. These changes in rates have impacted the Council's investment strategy, as investment income remains a crucial source of revenue derived from the investment of reserves and surplus funds, including the timing of daily cash inflows and outflows.

While high interest rates have improved returns on investments, the cost of borrowing has increased, therefore meaning that any borrowing either short term to cover potential shortfalls in cash flows, or longer-term borrowing which may be sought to cover larger projects becomes more expensive. Therefore, requiring careful consideration in the current interest rate environment.

### 3. Local Pressures

#### Local Economic changes

NNDC derives significant sums of income from fees and charges for services such as car parking and planning. These will be affected by factors outside the Council's control, such as the weather, consumer confidence and the general health of the economy.

#### Coastal Erosion & Environmental considerations

North Norfolk's coastline is vulnerable to erosion and the impacts of climate change. Protecting coastal areas and managing flood risks is a growing priority that requires significant investment. The council must also address the environmental sustainability of its services, which includes reducing carbon emissions. Grants are sought where possible for such coastal schemes.

#### New statutory duties and service expansion

NNDC faces additional pressure from the introduction of new statutory burdens, most notably the requirement to implement separate domestic food waste collection. At present, there is limited certainty over the adequacy of new burdens funding once it is rolled into core grants. Early indications suggest a risk that both capital and revenue funding may be insufficient to cover the full ongoing costs of service delivery, placing further pressure on the Council's revenue budget.

#### Hidden Deprivation and Funding Formula Risk

While North Norfolk is generally characterised by relatively low levels of deprivation when measured at district-wide level, this masks the presence of pockets of significant deprivation within the district. These communities experience disproportionately high levels of housing insecurity, poor housing conditions, low incomes, health inequalities, and fuel poverty, which in turn drive demand for a range of Council services.

The use of area-wide averages within national funding formulas means that these concentrated pressures are not fully recognised within the funding system, resulting in a misalignment between NNDC's assessed funding need and the actual demand placed on services. This issue is compounded by the removal of certain rural and coastal adjustments and changes to the treatment of non-resident demand within the Fair Funding Review, further increasing the risk that NNDC's service pressures are under-funded over the medium term.

## 4. Inflation

*Inflation is the rate at which the prices for goods and services that the Council buys are expected to rise. At the end of November 2025, Consumer Price Index (CPI) inflation was at 3.2%, which is higher than the Government's target rate of 2%*

Inflation over recent years has been highly volatile, presenting a significant challenge for medium-term financial planning. Consumer Price Index (CPI) inflation peaked at 11.1% in October 2022, driven primarily by sharp increases in global energy prices, supply-chain disruption, geopolitical instability, and post-pandemic economic recovery effects.

Since that peak, inflation has moderated materially as supply pressures eased and monetary policy tightened. As at late 2025, CPI inflation was approximately 3.2%, remaining above the Government's long-term target of 2%. In response, the Bank of England's Monetary Policy Committee has maintained a restrictive monetary stance, with interest rates held at elevated levels for longer than previously anticipated to ensure inflationary pressures are brought sustainably under control.

Current forecasts anticipate a gradual return of inflation towards target over the medium term, though risks remain skewed to the upside, particularly in relation to pay settlements, energy prices, and global economic uncertainty. For local government, this means that while inflation is substantially lower than the peaks experienced in 2022 and 2023, it continues to exert upward pressure on pay costs, contracts, and service delivery, and must therefore be treated as a continuing risk within the MTFS. Please refer to Chart 1 for the inflation forecasts for the upcoming period to Q3 2029.

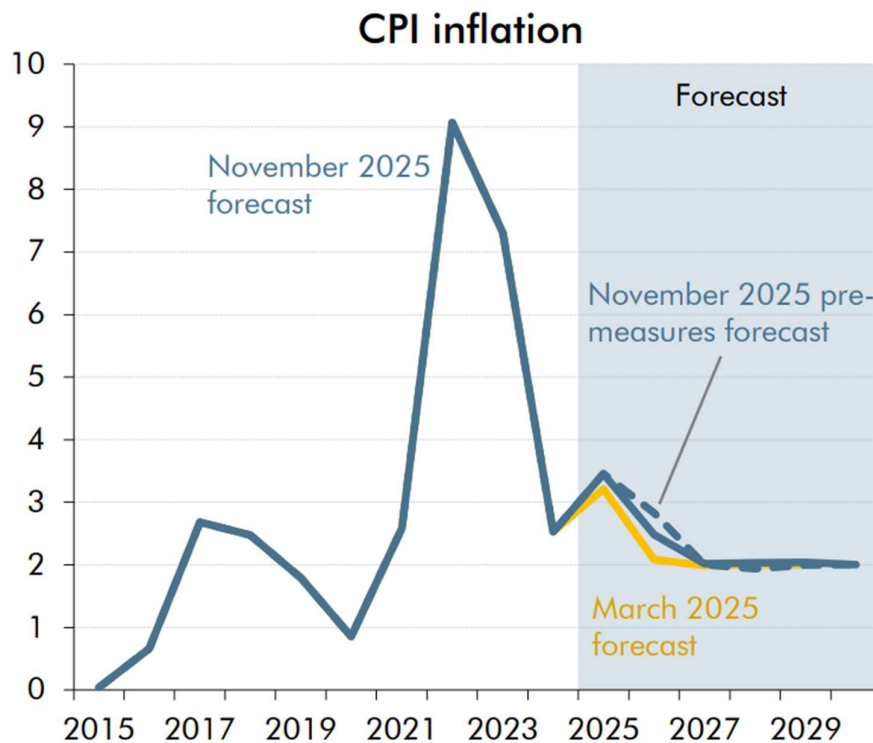
**General prices and contracts** – There are also some areas and contracts, such as the waste contract, which use different indices to calculate annual increases, and these are taken account of where appropriate.

**Income (fees and charges)** – In recent years budgets for fees and charges have included a percentage increase reflecting the rate of inflation at the time, unless there have been specific reasons for higher or lower increases or alternatively the Council is not able to influence them.



*Local Government is currently going through a significant period of change in terms of the way it is funded and the way the funding elements are to be calculated for the future.*

**Chart 1 – Inflation Forecast 2025/26 onwards (source latest OBR May 2025)**



## 5. Funding changes

### Settlement Funding

Local government funding is determined through the Local Government Finance Settlement, issued by the Ministry of Housing, Communities and Local Government (MHCLG). From 2026/27, the structure and composition of settlement funding changes significantly as a result of the Fair Funding Review, the full reset of the Business Rates Retention Scheme, and the consolidation of a number of historic grants into core funding.

For North Norfolk District Council, settlement funding in prior years comprised several elements, including Revenue Support Grant, New Homes Bonus, Baseline Funding Level through the Business Rates Retention Scheme, Council Tax, and a number of specific grants. From 2026/27 onwards, many of these funding streams are either abolished or rolled into a single core settlement, reducing transparency and flexibility within the funding system. Also, it is worth noting that the settlement published for 2026/27 was a multi-year settlement and contained 3 years' worth of information – which is a positive step as it allows for authorities to plan better for future years knowing that there is some certainty of the amount of funding provided by central government.

Historically, NNDC has been assessed as having sufficient locally raised resources such that it would generate a negative Revenue Support Grant position under the funding formula. In previous years, this has been managed through government intervention to hold authorities at a zero level of Revenue Support Grant rather than requiring repayment. From

2026/27, this position is overtaken by wider structural reform, with Revenue Support Grant, business rates baselines, and a range of former grants being consolidated into a single Settlement Funding Assessment.

Overall, NNDC's underlying settlement funding is anticipated to reduce in real terms over the medium term. While total resources show an initial small cash increases once council tax, assumed grant funding, and transitional protections are included, these increases are below forecast inflation, resulting in a real-terms reduction in spending power. The total amount of settlement funding is summarised below in Chart 2. Chart 3 shows the change in total funding sources, including Council Tax.

### Fair Funding Review

The Fair Funding Review represents a fundamental recalculation of how local government funding is distributed, updating the data and formulas used to assess councils' relative need and ability to raise local resources. Many of the underlying datasets had not been comprehensively refreshed since 2011, and their update has resulted in significant redistribution across the sector.

The revised methodology places greater emphasis on population, deprivation and service demand associated with social care responsibilities, while reducing the impact of factors such as rurality, coastal pressures and non-resident demand. As a result, district councils, including NNDC, see a reduction in their relative funding position compared with authorities with upper-tier responsibilities. These changes are reflected in NNDC's revised Settlement Funding Assessment from 2026/27 and contribute to the structural weakening of the Council's funding base over the medium term.

From 2026/27, NNDC is covered by a 95% baseline funding guarantee, which provides transitional protection against reductions in core settlement funding. This guarantee does not represent growth in funding but reflects the limited overall increase in local government funding and the redistribution of resources towards authorities with the highest assessed levels of need. As a result, while the funding floor provides short-term stability, the quantum of funding available to district councils remains constrained, and NNDC continues to experience a real-terms reduction in spending power over the medium term.

### Business Rate Reset

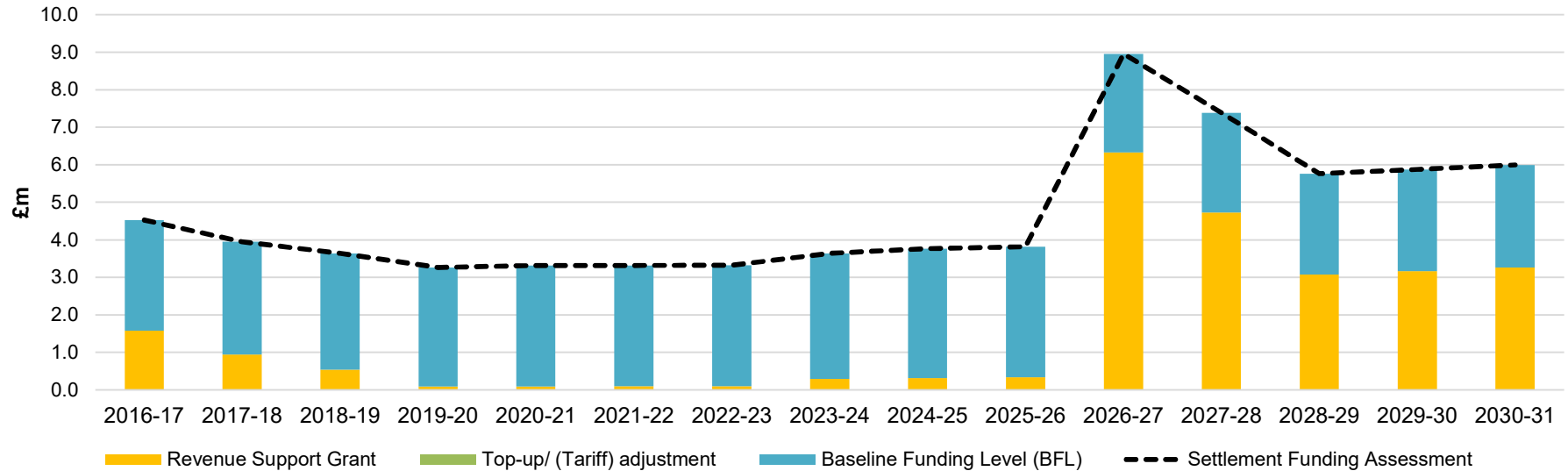
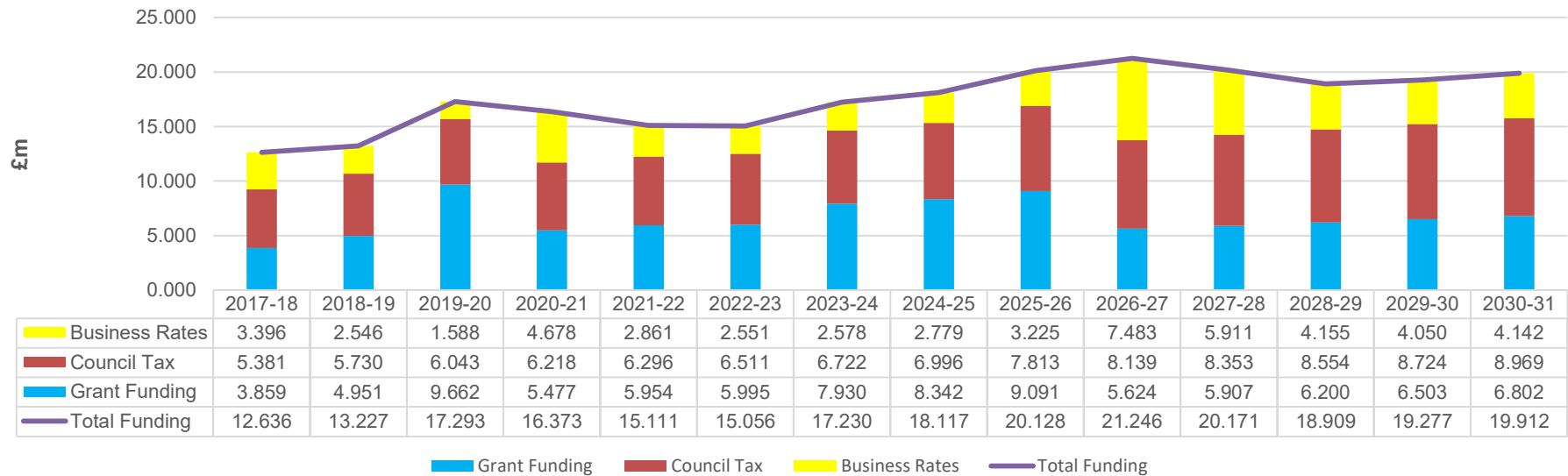
As part of the Government's wider reform of local government finance, a full reset of the Business Rates Retention System is being implemented from 2026/27, alongside the first phase of the Fair Funding Review. This represents a significant change to the way business rates income is treated within the funding system.

Under the reset, existing business rates baselines are recalculated and historic growth is incorporated into new baseline funding levels. This has the effect of removing accumulated business rates growth that has previously been retained locally, resetting councils' retained income to reflect updated assessments of need and resources. For district councils, including NNDC, this change reduces the benefit of historic growth and increases reliance on future growth generated after the reset.

The reset also alters the risk and reward balance within the system. While councils will continue to retain a share of growth above the new baseline, this growth may be subject to levy arrangements at lower thresholds, and future income is more exposed to volatility arising from valuation changes, appeals, and wider economic conditions. In addition, the benefits of business rates pooling are significantly reduced under the revised system –

NNDC will not be part of a business rates pool for the financial year 2026/27 as there was no appetite to create one in Norfolk for 2026/27.

Within the MTFS, assumptions on business rates income have therefore been updated to reflect the reset and the revised baseline position from 2026/27 onwards. The changes to the system reduce the predictability of business rates income over the medium term and increase the importance of cautious forecasting and ongoing monitoring. These risks are reflected within the MTFS assumptions.

**Chart 2 - Settlement Funding Assessment, Revenue Support Grant and Baseline Funding Level****Chart 3: Sources of Funding**

## 6. Income

*The Council receives income from a range of sources, including locally raised taxes, fees and charges, and funding provided through the Local Government Finance Settlement and other specific grants. This section explains the Council's main income streams and how they are expected to change over the medium term.*

### Business Rates Retention

The Business Rates Retention System (BRRS) has historically enabled local authorities to retain a share of locally collected business rates, providing an incentive for economic growth and a degree of locally controlled income. Since its introduction in 2013/14, the system has undergone a number of incremental changes, including variations in local share, tariffs and top-ups, safety nets, and growth levies.

From 2026/27, the system changes significantly as part of the Government's wider reform of local government finance. A full reset of business rates baselines is being implemented alongside the first phase of the Fair Funding Review. Under this reset, historic business rates growth is incorporated into new baseline funding levels, effectively removing accumulated growth that councils have previously retained, and recalibrating retained income to reflect updated assessments of need and resources.

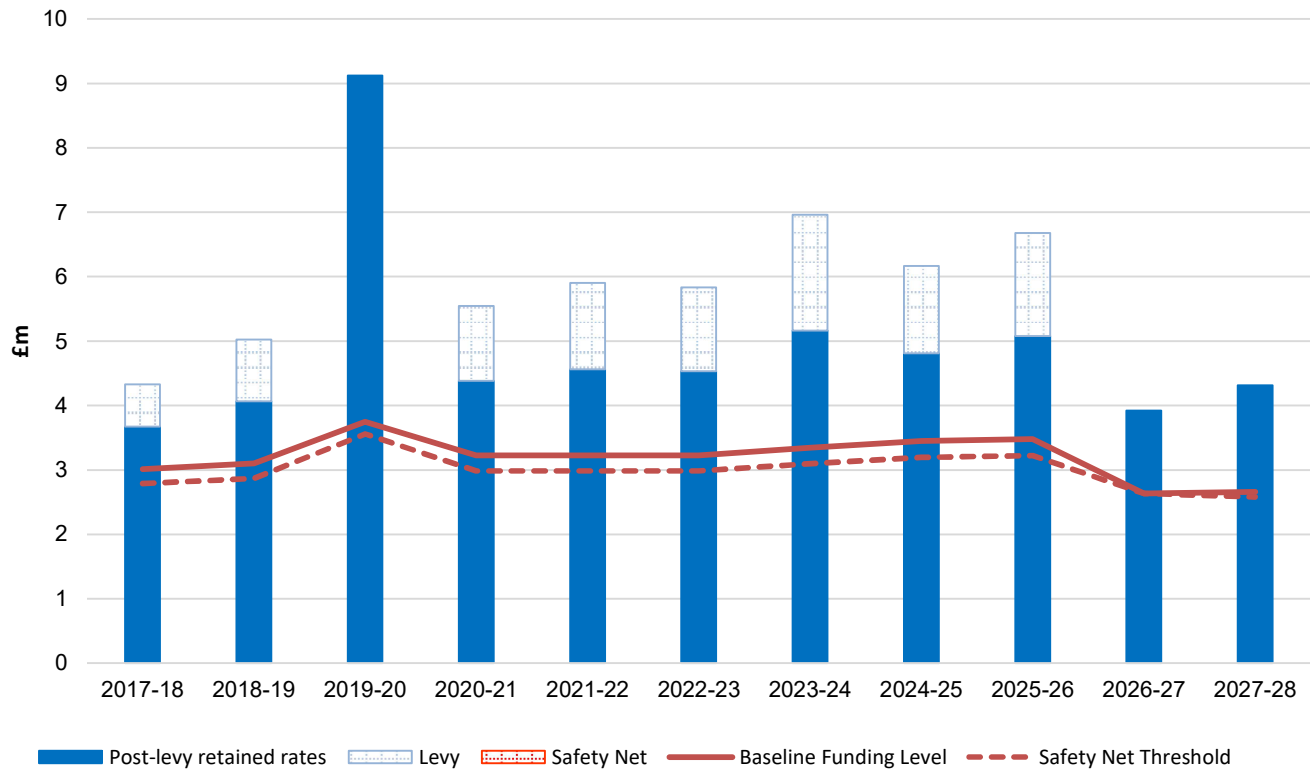
For NNDC, this reset results in a material reduction in retained business rates income, as historic growth is no longer reflected in the Council's baseline position. While the Council will continue to retain a share of growth generated above the new baseline, future growth is expected to be more limited and is subject to increased volatility arising from revaluations, appeals, economic conditions, and potential levy arrangements at lower thresholds than previously applied.

The revised system also significantly reduces the benefits of business rates pooling, and NNDC will not participate in a business rates pool for 2026/27. This further limits the scope to mitigate volatility or retain additional growth through collective arrangements.

Within the MTFS, business rates income assumptions have therefore been updated to reflect the post-reset baseline position from 2026/27 onwards. While transitional protections within the settlement provide short-term stability, the reset represents a structural change to NNDC's funding base, reducing predictability and increasing reliance on cautious forecasting, ongoing monitoring, and sensitivity analysis. These risks are reflected within the MTFS assumptions and risk framework.

Chart 4 visualises the changes in the funding expected from business rates. Retained rates represent the Council's net share of locally collected business rates after system adjustments, while the levy reflects the portion of growth that must be returned to central government under the Business Rates Retention Scheme.

Chart 4 - Funding from Business Rates (post-levy/ safety net)



### New Homes Bonus

The New Homes Bonus was introduced in 2011/12 as an incentive and reward mechanism to promote housing growth. Councils receive payment for new houses built in the district and also long term empty properties that have been brought back into use with 80% kept by NNDC and 20% returned to the County. The New Homes Bonus was abolished as part of the wider reform of local government funding because it was no longer seen by Government as an effective, fair, or sustainable mechanism for distributing resources. NNDC will not receive this funding from 1 April 2026.

### Revenue Support Grant

Historically, local government funding was made up of a wide range of separate grants and funding streams, alongside locally raised income. Revenue Support Grant (RSG) was the principal source of un-ringfenced funding within this system and was distributed through the Local Government Finance Settlement based on assessments of relative need and local resources. In addition to RSG, councils received a number of other specific and general grants, each with their own allocation methodologies and levels of transparency.

Over time, the role of RSG diminished for many councils as funding policy increasingly prioritised locally raised income, particularly council tax and business rates. For NNDC, the

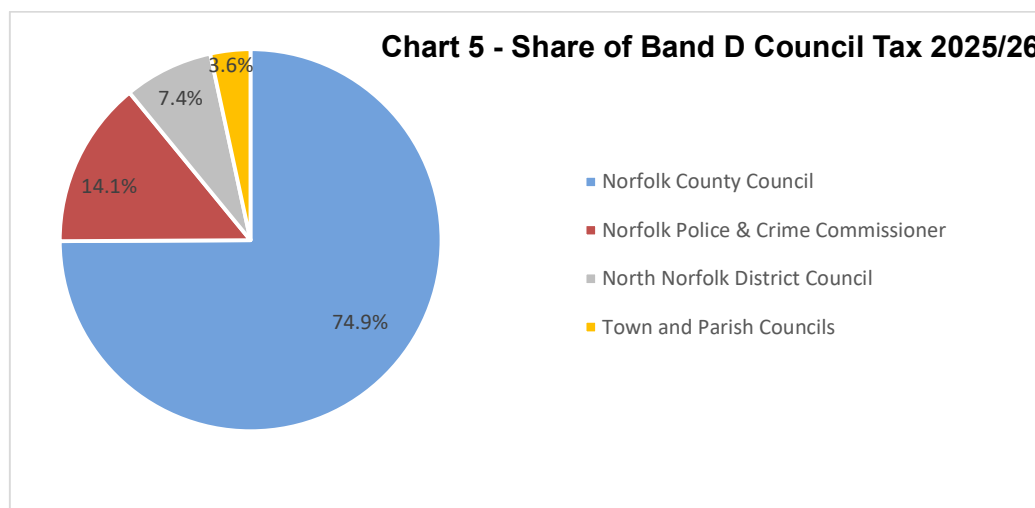
funding formula assessed the Council as having sufficient local resources, resulting in a very small RSG position.

From 2026/27, the structure of funding changes significantly as part of the Fair Funding Review and wider funding reforms. Rather than funding being delivered through a large number of separately identifiable grants, the settlement now places greater emphasis on a single core funding allocation, with Revenue Support Grant acting as the primary mechanism through which this funding is delivered, alongside business rates baselines. A number of grants that were previously paid separately, including New Homes Bonus and elements of homelessness and other service-related funding, are now rolled into this core allocation. A smaller number of grants remain outside the settlement where they continue to be paid separately.

As a result of this consolidation, it is no longer possible to clearly disaggregate individual historic grant streams within the settlement. While this approach simplifies the overall funding framework, it reduces transparency and limits the ability to directly match funding streams to specific service pressures. The MTFS therefore considers settlement funding in aggregate, rather than by reference to individual historic grants, reflecting the way funding is now provided under the reformed system.

### Council Tax

NNDC is the billing authority for the district of North Norfolk. This means that NNDC send out the Council Tax bills to residents and collect the Council Tax, but most of this is then distributed to the County Council and Norfolk Police Authority with a further element then going to town and parishes councils.



The charge on a Band D property which is retained by NNDC is currently £173.52. Any increases on this amount are restricted by a cap put in place by the Government, which means that NNDC cannot increase its precept by more than 3% or £5, whichever is the greater. Within the MTFS, it has been assumed that NNDC will increase its precept annually by the maximum amount to partly offset the reduction in grant funding from Central Government.

### Fees and charges

The Council generates income through various fees and charges for services provided to residents and businesses. These charges help fund essential services and maintain

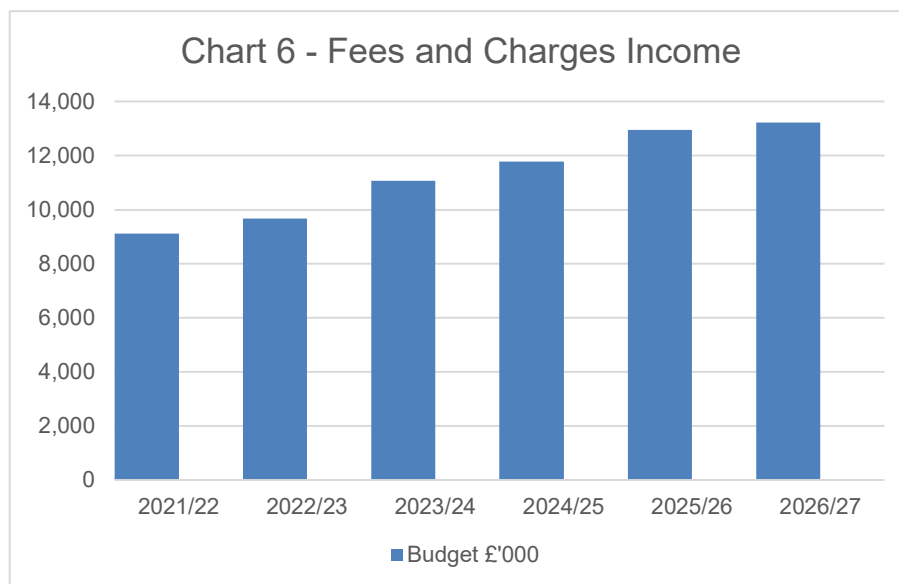
financial sustainability. The way these fees are determined can vary, with some being set by central government and others by the Council themselves. Additionally, some services have specific rules around how any profit or surplus is managed.

Typically fees and charges regulated by Central Government include the fee structures in place for planning applications and licencing fees, whereby any increases in such fees are within limits set by Central Government.

Other fees and charges are determined by local councils based on local priorities, needs, and economic conditions. Examples of such fees include leisure services and parking fees.

Ring fencing also exists for specific areas regarding any surplus generated through the fees and income, meaning that it can only be used in the specific area it was generated. This mechanism of Ring-fencing ensures transparency and accountability, ensuring that residents see a direct benefit from the fees they are charged.

Chart 6 below shows the actual income received for the years 2021/22 – 2024/25, alongside the budgeted income for 2025/26.





## 7. Looking forward

*In the context of these pressures and reduced funding, the Council has produced a forecast for spend for Capital and Revenue purposes and also anticipated use of Reserves*

### General Fund

The General Fund shows how much the services provided by the Council cost the taxpayer, and how much funding is required from other sources.

This General Fund Summary is latest position as being presented ahead of the 2026/27 budget setting.

**Table 1: General Fund Summary 2025/26 – 2028/29**

	<b>2025/26 Updated Base Budget £</b>	<b>2026/27 Proposed £</b>	<b>2027/28 Projection £</b>	<b>2028/29 Projection £</b>
Net Operating Expenditure	23,569,539	24,408,540	24,698,599	25,218,900
Contributions to/(from) Earmarked Reserves:	5,417	1,000,431	352,767	411,980
<b>Amount to be met from Government Grant and Local Taxpayers</b>	<b>23,574,956</b>	<b>25,408,971</b>	<b>25,051,366</b>	<b>25,630,880</b>
Income from Government Grant and Taxpayers	(23,574,956)	(25,408,971)	(24,116,001)	(24,109,550)
<b>(Surplus)/Deficit</b>	<b>-</b>	<b>-</b>	<b>935,365</b>	<b>1,521,330</b>

### Reserves

The Council holds a number of ‘useable’ reserves both for revenue and capital purposes which fall within one of the following categories:

- General Reserve
- Earmarked Reserves
- Capital Receipts Reserve

The General Reserve is held for two main purposes:

- to provide a working balance to help cushion the impact of uneven cashflows and avoid temporary borrowing
- a contingency to help cushion the impact of unexpected events or emergencies

As part of setting the budget each year the adequacy of all reserves is assessed along with the optimum level of general reserve that an authority should hold. The optimum level of

the general reserve takes into account a risk assessment of the budget and the context within which it has been prepared.

*Earmarked Reserves* provide a means of building up funds to meet known or predicted liabilities and are typically used to set aside sums for major schemes, such as capital developments or asset purchases, or to fund restructurings. A number of contingency reserves are also held by the Council to reduce the impact on Council Taxpayers of future uncertain events such as business rate appeals or clawback of benefit subsidy.

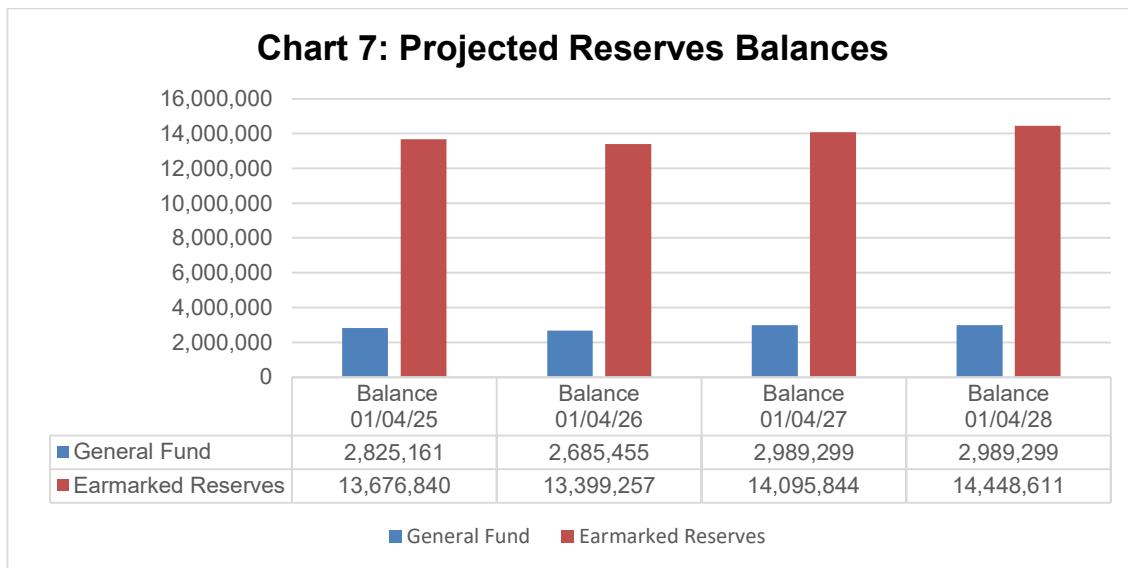
All reserves, general and earmarked, will be reviewed over the coming months as part of setting the budget for 2026/27, with a view that where commitments have not been identified and funds or reserve balances are no longer required these are re-allocated to specific reserves to address other requirements as applicable.

Use of reserves to balance a budget provides only a short-term solution as the funds can only be used once. They can however be used to smooth the impact of funding gaps over the short to medium term and to allow for planning and implementing projects and work streams that will deliver a longer-term financial benefit through reduced costs and/or additional income.

There are currently 28 earmarked reserves, with an additional LGR reserve being added as part of the 2026/27 budget papers, bringing the total to 29 earmarked reserves alongside the General Fund Reserve. The names and individual details of these earmarked reserves can be found in Appendix 2.

Similarly, reserves can be used to fund one-off costs for projects that will deliver a longer-term benefit. For example the use of the Restructuring and Invest to Save reserve to fund one-off restructuring costs, where a restructuring will deliver a longer term saving for a service and for some of the implementation and project costs for the Business Transformation programme that will deliver future savings. The use of reserves in this way will be considered as part of the full business case for individual project proposals, taking into account the payback period of the project along with indirect financial implications, for example, reduced balances available for investment and the associated loss of investment income.

The Capital receipts Reserve consists of capital receipts from the disposal of assets and land and is used to fund the capital programme. Capital receipts can not ordinarily be used to fund revenue expenditure.



The above projection with Chart 7 predicts a movement of Reserves held from £16.50m in April 2025 to £17.44m by April 2028. Please note that these movements do not take into account the anticipated deficit positions for future years, or potential usage of reserves in future years budgeting for reasons not yet known to the authority.

#### Forward Looking Assumptions

Assumptions play a critical role in the development of a local council's MTFS. The assumptions made about future income, expenditure, inflation, and service demand directly affect the accuracy of forecasts and budgets. If assumptions are overly optimistic or fail to account for potential risks, the council could face significant financial shortfalls, while overly conservative assumptions might lead to under-utilisation of resources or unnecessary service cuts.

Some of the key forward-looking assumptions involve the following:

- **Inflation** – Inflation assumptions affect the costs of delivering services and are essential when forecasting salaries, contracts, and procurement costs. If inflation rises higher than forecasted, costs could outpace available funding.
- **Interest rates** – The Council invests when there is surplus cash, the returns on these investments are typically linked to interest rates. When interest rates are low, the Council earns less on their investments, reducing the income that can support service delivery. When interest rates rise, the cost of servicing debt increases, which can reduce the funds available for other services if borrowing is sought.
- **Government Funding** – The introduction of a three-year Local Government Finance Settlement provides greater clarity over baseline funding assumptions across the MTFS period than has been available in recent years. While individual years remain subject to annual confirmation and potential adjustment, the multi-year framework enables more informed planning around funding trajectories, transitional protections, and the timing of funding changes. This improved visibility supports more robust scenario planning and risk assessment within the MTFS,

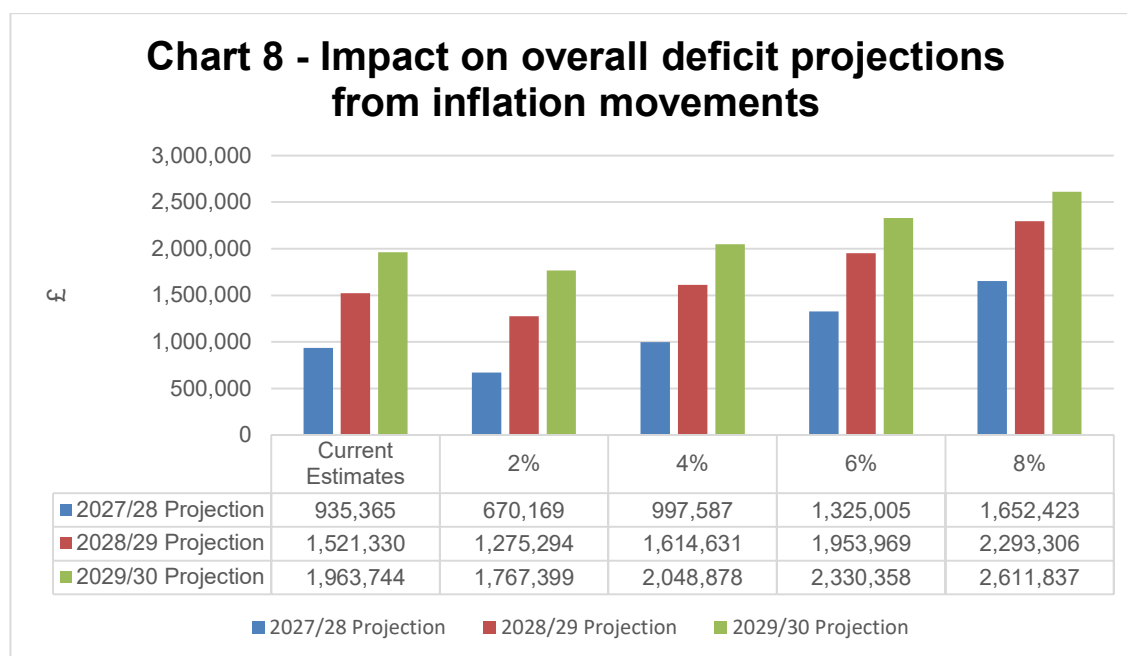
while recognising that uncertainty remains beyond the settlement period and in relation to wider reform, including LGR and devolution.

- **Service Demands** – If demand increases due to demographic changes or social factors, councils will need to allocate more resources, impacting their budgets. Incorrectly predicting demand can lead to underfunding or over-provision of services.
- **New burdens** – the largest new burden is the requirement to implement separate domestic food waste collection services. Funding for new burdens provided within the Local Government Finance Settlement; however, as a result of the wider funding reforms, this funding is not separately identified and is instead rolled into core settlement funding.

At this stage, there remains uncertainty around the most appropriate service delivery model for NNDC. As a result, robust costings cannot yet be confirmed, and assumptions have been built within the MTFS based latest information available at the time of writing.

- **Inflation** – detailed workings and charts are provided below

Inflation rates have been turbulent since 2021. To demonstrate how these variances have the potential to impact the projections Chart 8 below shows the impact of inflation on the overall surplus/deficit position at various increments; 2%, 4%, 6%, 8% alongside the current budget and projection as approved by the Council.

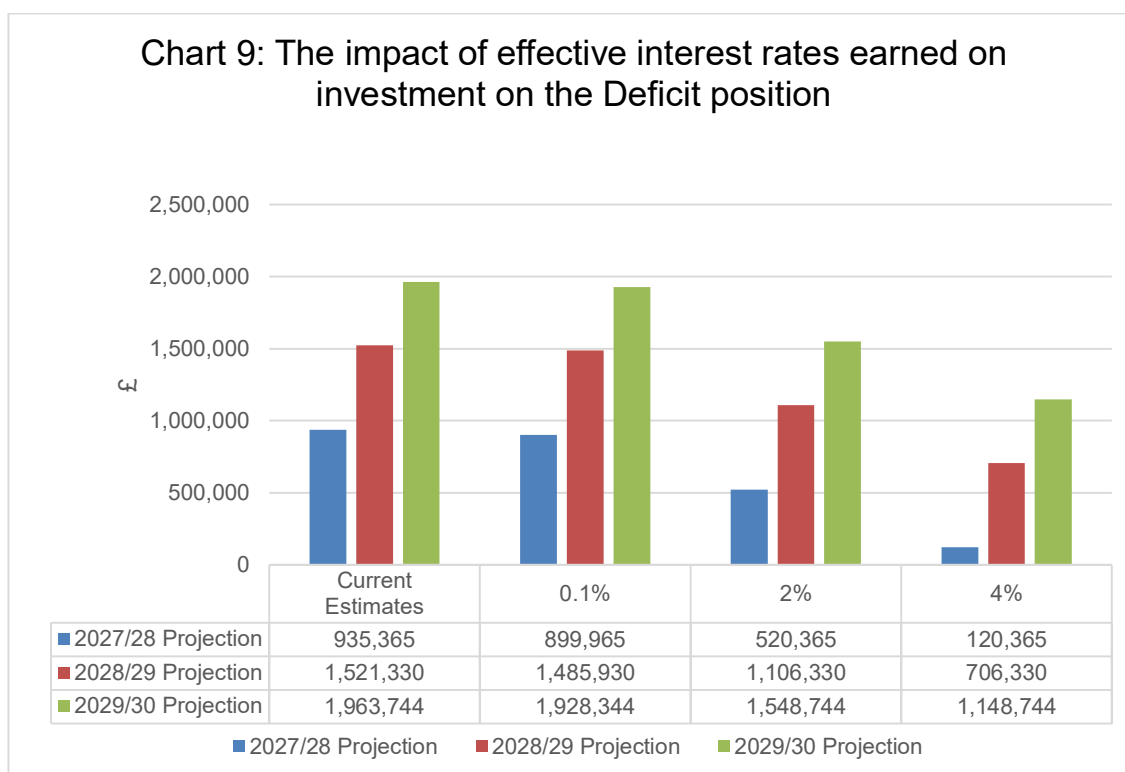


Interest rates have risen significantly since early 2022 as the Bank of England sought to address elevated inflationary pressures. The Bank Rate peaked at 5.25% in August 2023 and was subsequently reduced to 5.0% in August 2024. Since then, interest rates have remained at relatively high levels by historical standards, reflecting the Bank of England's cautious approach to returning inflation sustainably towards its 2% target.

There is also the potential for interest rates to be held at current levels for longer, or to rise again, should inflationary pressures re-emerge or economic conditions deteriorate.

For NNDC, changes in interest rates have a direct impact on the return earned on cash balances and investments, as well as on the cost of any borrowing. Higher interest rates have supported investment income in recent years; however, this benefit may reduce over time if rates fall, while borrowing costs would remain elevated relative to historic norms.

Chart 9 illustrates the sensitivity of the Council's financial position to changes in investment returns, showing the impact on the overall surplus or deficit should the interest rate levels alter by different amounts, alongside an updated forecast based on the latest interest rate projections. These sensitivities are reflected within the MTFS to support prudent financial planning and risk management. Current estimates in the below charts are based around the project movements in base rates as per advice from our financial adviser; and expected returns based on projected economic shifts.



## Capital

The capital programme shows what the Council intends to spend on purchasing new assets and improving its existing ones over the next three years. As capital expenditure is incurred, a source of finance must be identified. This can be done through capital receipts, grants and other revenue resources or alternatively through borrowing.

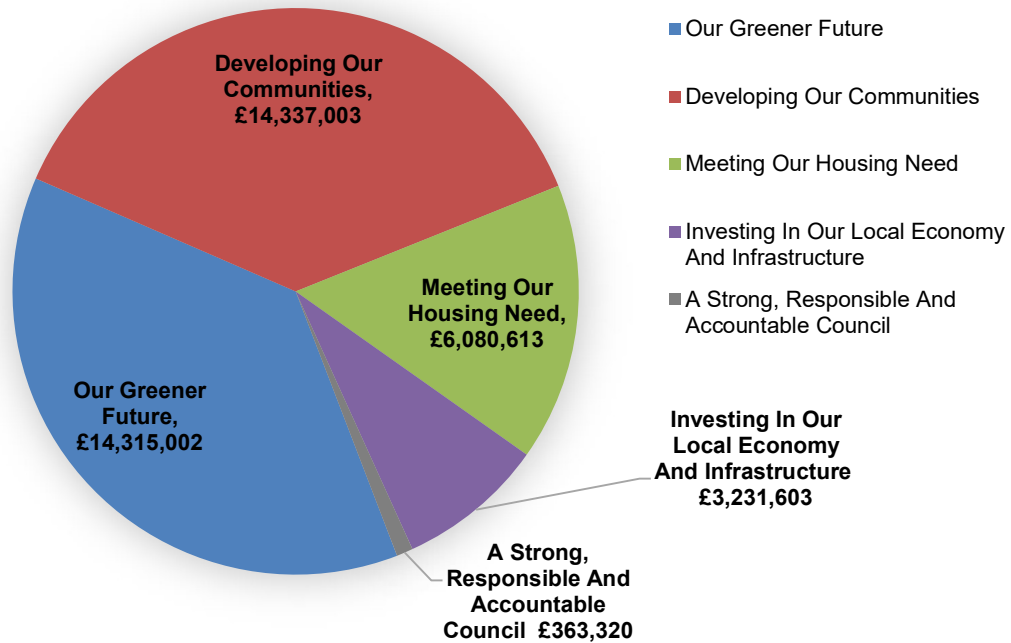
Any expenditure that is financed through borrowing increases the Council's 'Capital Financing Requirement' (CFR). Each year a revenue charge called the Minimum Revenue Provision (MRP) is made to reflect the funding of the CFR by the taxpayer, it is required to be set aside to cover the repayment of debt caused by the need to borrow for capital purposes. 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 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.

New projects, which are included in the programme in the future, will need to be financed by MRP if no capital resources such as capital grants or capital receipts from future asset sales are available. Alternatively existing revenue reserves could be used to finance these projects through a revenue contribution to capital which avoids an MRP charge.

Please see below for a visual representation of the Capital Programme Budget for 25/26.

### Capital Programme Budget 25/26 - Total £38.3m



## 8. Mitigating any **Budget gap**

*The Council's strategy for reducing the budget gap covers several work streams as outlined below.*

North Norfolk District Council faces a substantial budget gap in future years, as outlined in the above section. Developing a detailed precise plan to achieve the required savings over the next 2 years is inherently challenging, as it is affected on both internal and external drivers. Internal factors include the council's operational efficiency and the ability to innovate, while external factors range from economic conditions and government policy changes to unforeseen global or regional events. This section sets out the strategy to address any shortfall, ensuring financial sustainability while maintaining essential services and meeting statutory obligations. The proposed measures encompass a combination of efficiency improvements, revenue generation, cost containment, and strategic realignment.

### Local Government Reorganisation

At present, the ability to progress tangible, longer-term actions to close the budget gap is constrained by the uncertainty arising from Local Government Reorganisation. Until the Government issues a minded-to decision, the future structure of local government in Norfolk remains unclear, with one-, two- or three-unitary models all under consideration. Each option implies a different set of future partner authorities, governance arrangements, and opportunities for service integration or shared delivery. As a result, it is not currently practical to progress detailed joint financial planning or structural efficiency work with potential future partners. Once a minded-to decision is confirmed, the Council will be better positioned to work constructively with the relevant authorities to develop coordinated, evidence-based approaches to financial sustainability and the closing of the medium-term budget gap.

### Property Investment and Asset Commercialisation

Opportunities for investment in property, whether direct or indirect, are being considered to achieve either a direct income stream from the asset or improved returns on investment.

Opportunities for the most efficient utilisation of the Council's assets and maximising returns where appropriate are vital. Indirect property investments via treasury instruments, such as the purchase of pooled property funds, can potentially provide a return in terms of a regular income and growth in the value of the investment. Under the Treasury Management Strategy, the Council has made investments in a number of pooled funds which invest in property. One of these funds, the LAMIT Pooled Property Fund, invests exclusively in various property assets with the aim of achieving a regular income and growth in the value of the investment. In addition to these investments, the Council has agreed to provide capital expenditure loans to registered providers of social housing to facilitate the delivery of housing in the district, along with achieving an income return on its investment. The Council can choose to use its capital resources to finance a programme of asset commercialisation which aims to deliver long-term revenue streams for the Council and work on an ongoing basis is required to identify the most appropriate projects. This strategy of direct property investment can ensure a secondary benefit to the district as it is possible

to generate an economic growth benefit when the investment is located in North Norfolk. This is; however, more resource intensive to manage than externalising these investments.

### Service Reviews

Service reviews often reveal areas where costs can be reduced without severely impacting service quality. For example, a review might uncover inefficient processes, opportunities for automation. Service reviews may find through reviews that alternative models - such as partnerships, outsourcing, or shared services with neighbouring authorities - could deliver the same or even improved services at lower costs.

Service reviews will proceed by conducting detailed reviews of all service areas to evaluate cost-effectiveness, relevance, and alignment with strategic priorities.

- Identification of potential cost savings through consolidation, improved efficiency, or changes in service delivery models.
- Comparison of service performance and costs with similar councils to identify areas for improvement.
- Where necessary, consultations with relevant stakeholders to understand their priorities and ensure that any service changes align with public expectations.
- Gradual introduction of service adjustments to minimise disruption and allow time for adaptation.

### Savings Proposals

The council will continue to engage with budget holders across all services to identify viable cost-saving measures and innovative solutions. Budget holders will be encouraged to propose initiatives aimed at reducing expenditure, improving efficiency, or generating additional revenue within their areas of responsibility. These proposals will undergo a structured evaluation process to assess their feasibility, potential savings, and impact on service delivery. Regular feedback will be provided to budget holders regarding the progress and implementation of accepted ideas, fostering accountability and transparency. This collaborative approach ensures that savings opportunities are identified comprehensively while maintaining a focus on strategic priorities and operational effectiveness. Please note that prior year savings and income targets which are still deemed achievable in the current year are planned to be actioned as soon as feasibly possible.

### Generating additional income

Generating additional income through services like car parks and waste collection can provide a steady revenue stream that helps close the Council's budget gap reducing the impact on services the Council provides. Additionally the annual review of all discretionary fees and charges will ensure they reflect market rates and appropriately recover costs.

### Consideration around economically unviable non-statutory services



One of the approaches to addressing any budget gap is the ongoing review of the Council's non-statutory services and discretionary activities, with a focus on those that are not economically viable in their current form. Non-statutory services - those not legally required by Government - are often valued by communities but can place pressure on the Council's finances where they require ongoing subsidy. As part of its normal financial management arrangements, the Council continually assesses whether service levels remain appropriate, whether delivery models can be adapted, or whether activity should be reduced or ceased where it is no longer sustainable.

This approach is supported by regular cost-benefit analysis to identify services that may be under-utilised, duplicative, or disproportionate in cost relative to the outcomes delivered. These assessments are undertaken on an ongoing basis and inform both annual budget setting and medium-term financial planning. Any changes are considered alongside statutory obligations and wider community impact, ensuring that essential functions continue to be delivered.

In parallel, the Council continually reviews enabling activity, such as repairs and maintenance, which, while not statutory services in their own right, are necessary to support compliance with statutory duties including health and safety, building compliance, and the provision of safe accommodation. This ongoing review focuses on ensuring value for money, prioritising public safety and emergency response, and strengthening planned maintenance to reduce reliance on reactive or emergency interventions.

Together, these continuous review processes support the effective prioritisation of resources towards statutory and essential functions, while maintaining financial resilience and flexibility as the Council works to close the medium-term budget gap.

#### Review of statutory services

Investigating the standard of statutory services provided offers an opportunity to identify where levels of service can be adjusted to ensure value for money in our approach while still meeting the essential needs of the community. By reviewing current service standards, the council can pinpoint areas where delivery might be scaled back without compromising basic requirements.

#### Shared Services, collaboration and selling services

Creating efficiencies through shared services continues to be a priority for central government. Identifying such opportunities must therefore continue at a local level, ensuring that realistic and deliverable benefits can be achieved. This could include joint procurement opportunities, shared service delivery where appropriate and selling services. Collaboration will become easier to achieve once an LGR minded-to decision is announced as NNDC will have more information on which partners we are likely to be working with in the future.

#### Council Tax

In the current funding environment, increasing council tax has become an important consideration for maintaining essential services amidst rising costs and budget constraints. Reduced central government funding, combined with inflationary pressures on service delivery, has intensified the need for councils to generate more local revenue. An increase

in council tax can provide the council with the necessary funds to bridge budget gaps, ensuring that statutory services and vital community support are maintained at an acceptable standard.

Central government funding calculations for local authorities are based on the assumption that councils will apply the maximum permitted increase in council tax for the relevant year. This assumption is embedded within the calculation of Core Spending Power and the wider Local Government Finance Settlement and is used consistently across the sector, regardless of whether individual councils ultimately choose to increase council tax to this level.

As a result, the funding figures presented within the settlement, and reflected within this MTFS, do not represent guaranteed funding unless the assumed level of council tax increase is implemented locally. Where a lower increase is applied, this creates a corresponding shortfall against the funding assumptions built into the national settlement.

The MTFS therefore reflects the Government's assumed council tax increase for planning purposes, while recognising that the final decision on council tax levels remains a matter for Members as part of the annual budget-setting process.

### Conclusion

Closing the budget gap requires a bold and balanced approach, combining cost efficiencies, revenue growth, and strategic realignment. Through disciplined execution of this strategy, the council will achieve financial sustainability while continuing to serve the community effectively.

Appendix 1 – General Fund Summary

Service Area	2025/26 Base Budget	2025/26 Updated Budget	2026/27 Base Budget	2027/28 Projection	2028/29 Projection	2029/30 Projection
	£	£	£	£	£	£
Corporate Leadership/ Executive Support	4,384,567	4,384,567	4,427,873	4,431,515	4,531,556	4,634,599
Resources	6,970,323	7,008,241	7,275,279	6,672,402	6,817,058	6,925,915
Service Delivery	10,994,087	11,004,087	12,618,062	13,758,977	14,029,506	14,240,343
<b>Net Cost of Services</b>	<b>22,348,977</b>	<b>22,396,895</b>	<b>24,321,214</b>	<b>24,862,894</b>	<b>25,378,120</b>	<b>25,800,857</b>
Parish Precepts	3,736,377	3,736,377	3,736,377	3,736,377	3,736,377	3,736,377
Capital Charges	(2,962,374)	(2,962,374)	(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	(1,403,400)	(1,403,400)	(1,375,700)	(1,375,700)	(1,375,700)	(1,375,700)
External Interest Paid	302,100	302,100	271,700	271,700	271,700	271,700
Revenue Financing for Capital:	320,000	1,458,051	278,600	0	0	0
Minimum Revenue Provision	527,257	527,257	624,090	651,069	656,144	637,801
IAS 19 Pension Adjustment	276,280	276,280	276,280	276,280	276,280	276,280
<b>Net Operating Expenditure</b>	<b>22,383,570</b>	<b>23,569,539</b>	<b>24,408,540</b>	<b>24,698,599</b>	<b>25,218,900</b>	<b>25,623,294</b>
<b>Contributions to/(from) Earmarked Reserves:</b>	<b>2025/26 Base Budget</b>	<b>2025/26 Updated Budget</b>	<b>2026/27 Base Budget</b>	<b>2027/28 Projection</b>	<b>2028/29 Projection</b>	<b>2029/30 Projection</b>
Capital Projects Reserve	0	(474,807)	0	-	-	-
Asset Management	0	(172,169)	300,000	-	-	-
Benefits	(51,567)	(51,567)	0	-	-	-
Building Control	(19,874)	(19,874)	0	-	-	-
Business Rates Reserve	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	-
Delivery Plan	(80,000)	(609,432)	(50,000)	-	-	-
Elections	60,000	60,000	0	-	-	-
Extended Responsibility Grant	1,616,000	1,283,233	0	-	-	-
Grants	(85,159)	(95,159)	(83,854)	(19,720)	(20,020)	-
Housing	(56,299)	(284,460)	(219,959)	(59,513)	-	-
Legal	(4,579)	(4,579)	0	-	-	-

Local Government Reorganisation	0	0	750,000	-	-	-
Major Repairs Reserve	0	(50,000)	0	-	-	-
Net Zero Initiatives	(300,000)	(21,400)	(278,600)	-	-	-
New Homes Bonus Reserve	(83,763)	(83,763)	0	-	-	-
Planning Revenue	46,763	46,763	12,000	50,000	50,000	50,000
Second Homes Premium	515,337	515,337	285,000	400,000	400,000	400,000
Contribution to/(from) the General Reserve	(14,706)	(14,706)	303,844	-	-	-

<b>Amount to be met from Government Grant and Local Taxpayers</b>	<b>23,907,723</b>	<b>23,574,956</b>	<b>25,408,971</b>	<b>25,051,366</b>	<b>25,630,880</b>	<b>26,073,294</b>
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<b>Funding</b>	<b>2025/26 Base Budget</b>	<b>2025/26 Updated Budget</b>	<b>2026/27 Base Budget</b>	<b>2027/28 Projection</b>	<b>2028/29 Projection</b>	<b>2029/30 Projection</b>
Collection Fund – Parishes	(3,736,377)	(3,736,377)	(3,736,377)	(3,736,377)	(3,736,377)	(3,736,377)
Collection Fund – District	(7,812,582)	(7,812,582)	(8,138,972)	(8,352,530)	(8,553,805)	(8,553,805)
Retained Business Rates	(8,660,926)	(8,660,926)	(5,623,934)	(5,906,952)	(6,200,020)	(6,200,020)
New Homes bonus	(596,090)	(596,090)	-	-	-	-
3.2% Funding Guarantee	(805,165)	(805,165)	-	-	-	-
Revenue Support Grant	(335,416)	(335,416)	(6,322,463)	(4,726,529)	(3,073,972)	(3,073,972)
NI Compensation	(150,583)	(150,583)	-	-	-	-
Recovery Grant	(194,584)	(194,584)	(194,584)	(194,584)	(194,584)	(194,584)
Extended Responsibility Grant	(1,616,000)	(1,283,233)	(1,312,840)	-	-	-
Damping Funding	-	-	(79,801)	(1,199,029)	(2,350,792)	(2,350,792)
<b>Income from Government Grant and Taxpayers</b>	<b>(23,907,723)</b>	<b>(23,574,956)</b>	<b>(25,408,971)</b>	<b>(24,116,001)</b>	<b>(24,109,550)</b>	<b>(24,109,550)</b>
<b>(Surplus)/Deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>935,365</b>	<b>1,521,330</b>	<b>1,963,744</b>

Appendix 2 – Projected Reserve Movements

Reserve	Balance 01/04/25	Updated Movement 2025/26	Forecast 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
	£	£	£	£	£	£	£	£	£
<b>General Fund - General Reserve</b>	<b>2,223,322</b>	(139,706)	<b>2,685,455</b>	303,844	<b>2,989,299</b>	-	<b>2,989,299</b>	-	<b>2,989,299</b>
<b><u>Earmarked Reserves:</u></b>									
Capital Projects	474,807	(474,807)	-	-	-	-	-	-	-
Asset Management	427,948	(172,169)	255,779	300,000	555,779	-	555,779	-	555,779
Benefits	727,822	(51,567)	676,255	-	676,255	-	676,255	-	676,255
Building Control	105,085	(19,874)	85,211	-	85,211	-	85,211	-	85,211
Business Rates	1,683,890	(18,000)	1,665,890	(18,000)	1,647,890	(18,000)	1,629,890	(18,000)	1,611,890
Coast Protection	219,393	-	219,393	-	219,393	-	219,393	-	219,393
Communities	168,941	-	168,941	-	168,941	-	168,941	-	168,941
Delivery Plan	1,117,423	(609,432)	507,991	(50,000)	457,991	-	457,991	-	457,991
Economic Development and Regeneration	178,079	(34,000)	144,079	-	144,079	-	144,079	-	144,079
Election Reserve	123,000	60,000	183,000	-	183,000	-	183,000	-	183,000
Enforcement Works	39,884	-	39,884	-	39,884	-	39,884	-	39,884
Environmental Health	668,414	-	668,414	-	668,414	-	668,414	-	668,414
Environment Reserve	150,000	-	150,000	-	150,000	-	150,000	-	150,000
Extended Responsibility Producer	-	1,283,233	1,283,233	-	1,283,233	-	1,283,233	-	1,283,233
Grants	2,719,520	(237,660)	2,481,860	(83,854)	2,398,006	(19,720)	2,378,286	(20,020)	2,358,266
Housing	1,551,341	(284,460)	1,266,881	(219,959)	1,046,922	(59,513)	987,409	-	987,409
Innovation Fund	593,019	-	593,019	-	593,019	-	593,019	-	593,019
Land Charges	250,052	-	250,052	-	250,052	-	250,052	-	250,052
Legal	52,914	(4,579)	48,335	-	48,335	-	48,335	-	48,335
Local Government Reorganisation	-	-	-	750,000	750,000	-	750,000	-	750,000
Major Repairs Reserve	456,327	(50,000)	406,327	-	406,327	-	406,327	-	406,327
Net Zero Initiatives	384,037	(21,400)	362,637	(278,600)	84,037	-	84,037	-	84,037

New Homes Bonus (NHB)	118,315	(45,763)	72,552	-	72,552	-	72,552	-	72,552
Organisational Development	98,881	-	98,881	-	98,881	-	98,881	-	98,881
Pathfinder	89,566	-	89,566	-	89,566	-	89,566	-	89,566
Planning	278,433	46,763	325,196	12,000	337,196	50,000	387,196	50,000	437,196
Restructuring & Invest to Save Proposals	699,748	(159,205)	540,543	-	540,543	-	540,543	-	540,543
Second Home Premium	-	515,337	515,337	285,000	800,337	400,000	1,200,337	400,000	1,600,337
Treasury	300,000	-	300,000	-	300,000	-	300,000	-	300,000
<b>Total Reserves</b>	<b>16,502,000</b>	<b>(417,289)</b>	<b>16,084,711</b>	<b>1,000,431</b>	<b>17,085,142</b>	<b>352,767</b>	<b>17,437,909</b>	<b>411,980</b>	<b>17,849,889</b>

# Appendix 3 – Capital Programme 2025/26 and beyond

Approved Capital Programme	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Budget 2029/30	Budget 2030/31
	£	£	£	£	£	£
Our Greener Future	14,315,002	7,040,612	300,000	-	-	-
Developing Our Communities	14,337,003	-	-	-	-	-
Meeting Our Housing Needs	6,080,613	2,300,000	2,000,000	2,000,000	2,000,000	2,000,000
Investing In Our Local Economy & Infrastructure	3,231,603	60,000	-	-	-	-
A Strong, Responsible & Accountable Council	363,320	60,000	-	-	-	-
<b>Total Approved Capital Programme</b>	<b>38,327,541</b>	<b>9,460,612</b>	<b>2,300,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>
Financing	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Budget 2029/30	Budget 2030/31
	£	£	£	£	£	£
Grants	24,523,160	8,147,712	2,000,000	2,000,000	2,000,000	2,000,000
Other Contributions	3,780,000	300,000	-	-	-	-
Reserves	1,438,049	278,600	-	-	-	-
Revenue Contribution to Capital (RCCO)	20,000	-	-	-	-	-
Capital receipts	2,952,942	610,000	300,000	-	-	-
Borrowing	5,613,390	124,300	-	-	-	-
<b>Total Financing</b>	<b>38,327,541</b>	<b>9,460,612</b>	<b>2,300,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>

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<b>Lease renewal: Foreshore at Happisburgh</b>	
<b>Executive Summary</b>	<p>The Council's existing 21-year peppercorn lease for the foreshore at Happisburgh expired on 9 February 2024.</p> <p>This lease provides the Council with the necessary rights to undertake coastal protection, drainage and water management works under the Coast Protection Act 1949 and associated legislation. Renewal of the lease is essential to ensure continued access and operational capability in an area of coastline that remains highly vulnerable to erosion and flood risk.</p> <p>It is proposed that the Council renews the lease on similar peppercorn terms for a further 21-year period commencing 10 February 2024. This renewal will secure the Council's ability to deliver statutory coastal protection functions, maintain long-term coastal management activities, and support the resilience of the local community and infrastructure.</p> <p>Approval of the lease renewal represents a low-cost, practical and strategically important step in sustaining the Council's coastal management responsibilities.</p>
<b>Options considered</b>	An option was considered not to renew the lease, however this was rejected due to benefit the lease provides.
<b>Consultation(s)</b>	Coastal Management Cllr Luke Patterson Assistant Director Sustainable Growth
<b>Recommendations</b>	That Cabinet resolves to agree: <ul style="list-style-type: none"> <li>• A lease renewal for 21 years</li> <li>• Delegate approval to the Asset Strategy Manager to agree the exact terms of the lease.</li> </ul>
<b>Reasons for recommendations</b>	Ensuring the Council can continue to manage and maintain the Happisburgh foreshore
<b>Background papers</b>	N/A

<b>Wards affected</b>	Happisburgh
<b>Cabinet member(s)</b>	Cllr Harry Blathwayt Cllr L Shires
<b>Contact Officer</b>	Renata Garfoot. Asset Strategy Manager <a href="mailto:Renata.Garfoot@North-Norfolk.Gov.UK">Renata.Garfoot@North-Norfolk.Gov.UK</a>

**Links to key documents:**

Corporate Plan:	Our Greener Future: Protect and transition our coastal environments.
Medium Term Financial Strategy (MTFS)	The proposal makes no change to the current MTFS
Council Policies & Strategies	Asset Management Plan 2018 – 2022

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

## 1. Purpose of the report

- 1.1. The purpose of the report is seeking Cabinet's approval to complete a lease renewal of the Foreshore at Happisburgh.

## 2. Introduction & Background

- 2.1. The Council is the tenant of an existing lease agreement for the foreshore at Happisburgh, which commenced 10<sup>th</sup> February 2003 for a period of 21 years which expired 9<sup>th</sup> February 2024.
- 2.2. The peppercorn lease enables the Council to carry out works under the provision of the Coast Protection Act 1949 and other associated drainage and water act to the foreshore as defined in the lease plan.

## 3. Proposals and Options

- 3.1. It is proposed to renew the lease on similar terms at a peppercorn for a further 21 years commencing, 10th February 2024.
- 3.2. This will enable the Council to continue managing the foreshore to support coastal management objectives.

## 4. Corporate Priorities

- 4.1. This proposal aligns with the Corporate Priority: Our Greener Future: Protect and transition our coastal environments.

## 5. Financial and Resource Implications

5.1. The lease is for a peppercorn.

### Comments from the S151 Officer:

*There are no financial implications in entering this peppercorn lease, whereas there may be significant operational impacts if the Council did not have the access conferred.*

## 6. Legal Implications

6.1. Eastlaw have provided advice and are acting for the Council on the lease renewal, which is based on the same previous terms.

### Comments from the Monitoring Officer

*The Monitoring Officer (or member of the Legal team on behalf of the MO) will complete this section.*

*The existing lease, which expired on 9<sup>th</sup> February 2024, is currently being held over under the security of tenure provisions. Given that NNDC want to continue to carry out coast protection works in Happisburgh (e.g. move rock armour around the beach), it is advisable for NNDC to have a legal interest in the foreshore (such as the lease), as per s4(3) of the Coast Protection Act 1949 in order to continue to carry out such works. Given that the envisaged works are likely to go beyond mere repair and maintenance work, it is not sufficient for NNDC to rely on its general powers of repairs and maintenance under s12 of the Coast Protection Act 1949 which would not require having a lease. Under the existing lease, NNDC is required to seek consent to retain any existing coastal works “such as groynes and beacons” at the end of the term and for this reason, as well as the above, it is preferable for NNDC to enter into a new lease under similar terms for certainty that it can continue to manage this part of the foreshore.*

## 7. Risks

7.1. Under the current lease, the Council is required to seek consent to retain any existing coastal works such as groynes and beacons at the end of the term.

7.2. Whilst the Council has powers under the Coast Protection Act 1949 to maintain and repair existing works, the lease simplifies the process of doing so and

reduces the risk of seeking landowner consent to retain such works. Furthermore, the Coast Protection Act 1949 envisages that any coast protection work, which is not work of maintenance or repair (such as moving rock armour around the beach), is undertaken by way of a purchase or lease of the relevant land.

## **8. Net Zero Target**

- 8.1. The lease renewal proposal results in no change to the Council's carbon emissions and coastal protection works form part of the wider climate adaption.

## **9. Equality, Diversity & Inclusion**

- 9.1. The lease has no impact on equality, diversity and inclusion.

## **10. Community Safety issues**

- 10.1. The lease does not cause any community safety issues.

## **11. Conclusion and Recommendations**

- 11.1 Renewing the lease for the foreshore at Happisburgh on the same peppercorn terms for a further 21-year period will ensure the Council retains the necessary legal rights and access to undertake coastal protection, drainage and water management activities in accordance with the Coast Protection Act 1949 and related legislation.
- 11.2. Continuity of this arrangement is essential to support the Council's long-term coastal management strategy, safeguard local infrastructure, and enable proactive responses to ongoing coastal erosion and flood-risk challenges.
- 11.3 The renewal represents a low-cost, low-risk option that preserves the Council's ability to manage and maintain this critical stretch of coastline effectively.
- 11.4 It is recommended that Cabinet approves the renewal of the foreshore lease at Happisburgh for a further 21 years from 10 February 2024 on a peppercorn basis, enabling the Council to continue delivering its statutory coastal protection functions and supporting wider coastal management objectives.

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<b>Neatishead Conservation Area Appraisal and Management Plan</b>	
<b>Executive Summary</b>	This report seeks approval to adopt the Neatishead and Hall Road, Barton Turf Conservation Area Appraisal and Management Plan in line with national policy and best practice. Both the Appraisal and Management Plan were authored by The Broads Authority, who subsequently adopted them in May 2025.
<b>Options considered</b>	<ol style="list-style-type: none"> <li>1. To adopt the document</li> <li>2. To <u>not</u> adopt the document, not considered to be appropriate considering the extensive public involvement via consultation, and the document having already been adopted by The Broads Authority.</li> </ol>
<b>Consultation(s)</b>	The Draft Neatishead Conservation Area Appraisal and Management Plan was made available for public consultation across a period between 2 September and 14 October 2024. Organisations such as North Norfolk District Council Historic England and Norfolk County Council were consulted, along with residents of the conservation area and the parish councils. A public drop-in session was held at the New Victory Hall in Neatishead on Saturday 14 September and this was well attended.
<b>Recommendations</b>	<p>This report asks that Cabinet:</p> <ol style="list-style-type: none"> <li>1. Notes the content of the Neatishead and Hall Road, Barton Turf Conservation Area Appraisal and Management Plan, and</li> <li>2. Approves the adoption of the Neatishead and Hall Road, Barton Turf Conservation Area Appraisal and Management for statutory planning purposes and for the Appraisal document to become a material consideration in the planning process.</li> </ol>
<b>Reasons for recommendations</b>	To enable the appraisal document to provide planning guidance for the District.
<b>Background papers</b>	Neatishead and Hall Road, Barton Turf Conservation Area Appraisal and Management Plan 2025

<b>Wards affected</b>	All Wards
<b>Cabinet member(s)</b>	Cllr Andrew Brown
<b>Contact Officer</b>	Alannah Hogarth, Senior Conservation & Design Officer, <a href="mailto:Alannah.hogarth@north-norfolk.gov.uk">Alannah.hogarth@north-norfolk.gov.uk</a>

<b>Links to key documents:</b>	
Corporate Plan:	Developing Our Communities – engaged and supported individuals and communities
Medium Term Financial Strategy (MTFS)	N/A
Council Policies & Strategies	Policy ENV7 of the Local Development Framework Core Strategy

<b>Corporate Governance:</b>	
Is this a key decision	No
Has the public interest test been applied	The item is not exempt.
Details of any previous decision(s) on this matter	N/A

## **1. Purpose of the report**

- 1.1 This report seeks approval for the Neatishead and Hall Road, Barton Turf Conservation Area Appraisal and Management Plan to be adopted, for statutory planning purposes and for the Appraisal document to become a material consideration in the planning process.

## **2. Introduction & Background**

- 2.1 Conservation Areas are designated under the provisions of Section 69 of the Planning (Listed Buildings and Conservation Areas) Act 1990. A Conservation Area is defined as ‘an area of special architectural or historic interest the character or appearance of which it is desirable to preserve or enhance’.
- 2.2 Section 71 of the same Act requires local planning authorities to formulate and publish proposals for the preservation and enhancement of these conservation areas. Section 72 also specifies that, in making a decision on an application for development within a conservation area, special attention must be paid to the desirability of preserving or enhancing the character or appearance of that area.
- 2.3 As well as its picturesque coastline, rural landscape and big skies, the District is known for its rich historic environment. The District’s heritage is an intrinsic part of its character and stands as testament to how the area has been shaped and evolved over time. Part of the District is also within the Broads, and this area is managed by the Broads Authority which is a Special Statutory Authority.
- 2.4 As part of North Norfolk District Council’s ongoing management of our 84 Conservation Areas, it was agreed that the Broads Authority should lead on

the production of the Conservation Area Appraisals in the conservation areas that are shared between the two authorities, with input from NNDC. Two shared conservation areas have already been adopted by both Councils; Stalham Staithe (2017) & Ludham (2020), with Neatishead the latest to be reviewed by the Broad's Authority.

- 2.5 Neatishead Conservation Area was first designated in 1975 and was last appraised in 2011 when it was also extended. As part of a review in line with Section 71 of the Planning Act it was considered that the Neatishead Conservation Area should be re-appraised. This was also important as the Historic England guidance on Conservation Area Appraisal, Designation and Management (2019) had been updated in the intervening period.
- 2.6 The draft appraisal was taken to the Broads Authority's Heritage Asset Review Group on the 21 March 2025. This group, now disbanded, was a non-decision-making Members' group, where Members could help to shape and be kept informed of the heritage teams work. The group were content with the document and agreed it should be presented to the Broads Authority Planning Committee for approval.
- 2.7 The Neatishead and Hall Road, Barton Turf Conservation Area Appraisal was approved and adopted by the Broads Authority Planning Committee in May 2025.

### **3. Proposals and Options**

- 3.1 Officers at the Broads Authority have produced the Conservation Area Appraisal. Research has been carried out, along with site assessment, survey analysis and collation of key sources. This has been carried out in liaison with officers from NNDC.
- 3.2 In this instance, no boundary changes were considered necessary. However, following the public consultation the name of the designation has been altered from Neatishead Conservation Area to the Neatishead and Hall Road, Barton Turf Conservation Area. Although this is lengthier, it more accurately describes the conservation area boundary, which covers parts of Neatishead and Barton Turf.
- 3.3 The Appraisal document has been updated to comply with Historic England's guidance and to ensure that it takes account of changes that have taken place in the village in the last 14 years. The main changes to the document were:
  - a) Clearer information regarding the implications for homeowners
  - b) The inclusion of a Statement of Special Interest
  - c) The inclusion of a summary of the 'general character, location and uses'
  - d) Review of the 'Historic Interest' section to ensure it relates more clearly to the physical development of the place
  - e) Review of the 'Architectural Interest' section to ensure it highlights the building types, materials and particular eras of development that have helped to shape the place today and to help guide new development
  - f) The identification of character areas and spatial analysis of those areas, including setting, view, significance of open spaces, gardens, trees and landscape
  - g) An update of the assessment of condition

- h) An update of the management and enhancement proposals
  - i) The inclusion of more mapping and up to date photos
- 3.4 The updated Neatishead and Hall Road, Barton Turf Conservation Area Appraisal is included at Appendix 1.

#### 4. Corporate Priorities

The public consultation process is aligned with the corporate priority 'Developing Our Communities' – Engaged and supported individuals and communities.

#### 5. Financial and Resource Implications

No known financial implications.

**Comments from the S151 Officer:**

*The S151 Officer (or member of the Finance team on their behalf) will complete this section.*

#### 6. Legal Implications

There are no known legal implications arising from this report.

**Comments from the Monitoring Officer**

*The Monitoring Officer (or member of the Legal team on behalf of the MO) will complete this section. They will outline any legal advice provided.*

*This report needs to be considered in line with the statutory provisions set out in section 71 of the Planning (Listed Building and Conservation Areas) Act 1990 and requirements therein:*

*It places a duty on the local planning authority from time to time to formulate and publish proposals for the preservation and enhancement of any parts of their area which are conservation areas.*

*It requires that (1) the proposals must be submitted for a public meeting and (2) the planning authority should have regard to any views concerning the proposals expressed by persons attending that meeting.*

#### 7. Risks

None identified at this time.

#### 8. Net ZeroTarget

Not applicable.

#### 9. Equality, Diversity & Inclusion

Not a relevant consideration at this time.

#### 10. Community Safety issues

Not applicable.



## **11. Recommendations**

### **11.1 That Cabinet: -**

1. Notes the content of the Neatishead and Hall Road, Barton Turf Conservation Area Appraisal and Management Plan, and
2. Approves the adoption of the Neatishead and Hall Road, Barton Turf Conservation Area Appraisal and Management Plan for statutory planning purposes and for the Appraisal document to become a material consideration in the planning process.

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<b>Delegated Decisions November to December 2025</b>	
<b>Executive Summary</b>	This report details the decisions taken under delegated powers from November to December 2025.
<b>Options considered</b>	Not applicable – the recording and reporting of delegated decisions is a statutory requirement.
<b>Consultation(s)</b>	Consultation is not required as this report and accompanying appendix is for information only. No decision is required, and the outcome cannot be changed as it is historic, factual information.
<b>Recommendations</b>	<b>To receive and note the report and the register of decisions taken under delegated powers.</b>
<b>Reasons for recommendations</b>	<p>The Constitution: Chapter 6, Part 2, details the functions which are delegated to officers. In addition, it requires that any exercise of such powers should be reported to the next meeting of Council, Cabinet or working party (as appropriate).</p> <p>The law requires the Council to record executive and non-executive decisions taken by officers under delegated powers and to publish them on the Council's website.</p> <p>These requirements apply to decisions that would have been taken by Council or the Cabinet if delegated powers had not been given to an officer either -</p> <ul style="list-style-type: none"> <li>• under an express delegation granted at a meeting of Cabinet, Council or a Committee.</li> <li>• Or under a general delegation (where responsibility is delegated in the Constitution)</li> </ul>
<b>Background papers</b>	Signed decision forms

<b>Wards affected</b>	All Wards
<b>Cabinet member(s)</b>	Cllr T Adams, Leader
<b>Contact Officer</b>	Emma Denny, Democratic Services Manager <a href="mailto:Emma.denny@north-norfolk.gov.uk">Emma.denny@north-norfolk.gov.uk</a>

<b>Links to key documents:</b>	
Corporate Plan:	N/A
Medium Term Financial Strategy (MTFS)	N/A

Council Policies & Strategies	Statutory requirement
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Corporate Governance:	
Is this a key decision	<del>Yes</del> / No
Has the public interest test been applied	No
Details of any previous decision(s) on this matter	Delegated decisions are reported to Cabinet and Overview & Scrutiny Committee regularly

## 1. Purpose of the report

- 1.1 This report summarises any decisions taken under delegated powers since end of October 2025
- 1.2 Delegated decisions are available to the public through the website and are reported to Members via Cabinet. The process for reporting and consulting on these decisions is contained in the Constitution at Chapter 6, 2.1 (Conditional Delegation) and 5.1 and 5.2 (Full Delegation to Chief Officers) and the publication of these decisions is a legal requirement.
- 1.3 Historic lists are available on request.

## 2. Introduction & Background

- 2.1 Decisions under powers delegated by a specific resolution must always be recorded and published. So should decisions under specific delegated powers set out in the Officer Scheme of Delegation in the Constitution.
- 2.2 The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 require that all decisions, including those taken by officers, must state:

- The decision taken and the date it was made
- The reasons for the decision
- Details of options considered and rejected and the reasons why they were rejected
- Declarations of interest and any dispensations granted in respect of interests

Officers taking a decision under delegation are required to complete a delegated decision form.

- 2.3 The Openness of Local Government Bodies Regulations 2014, section 7 states that any decision should be recorded if it would otherwise have been taken by the relevant local government body, or a committee, sub-committee of that body or a joint committee in which that body participates, but it has been delegated to an officer of that body either

(a) under a specific express authorisation; or

(b) under a general authorisation to officers to take such decisions and, the effect of the decision is to—

(i) grant a permission or licence;

(ii) affect the rights of an individual; or

(iii) award a contract or incur expenditure which, in either case, materially affects that relevant local government body's financial position.

These requirements **do not** apply to:

- planning and licencing matters where there are established arrangements for recording decisions: or
- decisions which are purely administrative or operational in nature

2.4 The Constitution requires that for the exercise of any power or function of the Council in routine matters falling within established policies and existing budgets, where waiting until a meeting of the Council, a committee or working party would disadvantage the Council, an elector or a visitor to the District, then the officer exercising the power must consult with the Leader, the relevant portfolio holder and if it relates to a particular part of the District, the local member.

2.5 For the exercise of any power or function of the Council, which in law is capable of delegation, in an emergency threatening life, limb or substantial damage to property within the District, the senior officer shall consult with the Leader or the Deputy Leader.

2.6 Overview and Scrutiny Committee can request to review the delegated decisions list at their meetings so they can fully understand why they were taken and assess the impact on the Council.

### 3. **Proposals and Options**

No alternative proposals and options are set out in this report as it is a factual report, for information only and provided to ensure compliance with statutory reporting requirements.

### 4. **Corporate Priorities**

This is a statutory report.

### 5. **Financial and Resource Implications**

For those decisions recorded that have been delegated by Cabinet at a formal meeting, the financial implications have been set out clearly as part of the committee report. For any other decisions, financial implications are set out on the delegated decision form and summarised in Appendix A (attached)

**Comments from the S151 Officer:**

*The S151 Officer (or member of the Finance team on their behalf) will complete this section.*

*This is a statutory report*

**6. Legal Implications**

The statutory requirements around delegated decisions are set out at section 2 of the report.

**Comments from the Monitoring Officer**

*The Monitoring Officer (or member of the Legal team on behalf of the MO) will complete this section. They will outline any legal advice provided.*

*This is a statutory report.*

**7. Risks**

There is a reputational risk if the Council does not comply with the statutory requirements (set out in section 5 above)

Any risks relating to individual delegated decisions were set out as part of the initial committee report and/or included in the delegated authority form.

**8. Net ZeroTarget**

This is a statutory report and does not impact on the Council's Net Zero Target.

**9. Equality, Diversity & Inclusion**

Not applicable. No decision is being taken; this report is for information only.

**10. Community Safety issues**

Not applicable. No decision is being taken; this report is for information only.

**Conclusion and Recommendations**

Each decision has been recorded and a summary is provided at Appendix A

**Recommendation:**

**Cabinet is asked to receive and note the register of decisions taken under delegation.**

## Record of Decisions taken under Delegated Authority (Appendix A)

Delegated Power being exercised; <i>Constitution ref</i>	Key Decision y/n	Officer / Member exercising Delegation	Details of decision made including details of Committee meeting (if 'express' delegation by Cabinet or Full Council)	Date of decision	Date Reported to Cabinet
Chapter 6, s 5	no	Cara Jordan Monitoring Officer	To temporarily appoint District Councillor <b>Angela Fitch-Tillett</b> (Poppyland Ward) and County Councillor <b>Ed Maxfield</b> (Mundesley Division) as temporary Parish Councillors for Trimingham Parish Council which finds itself inquorate due to recent mass resignation  Full Council gave delegation to the Monitoring Officer to make temporary appointments to parish councils at the meeting held on 20 <sup>th</sup> September 2023.	04 Dec 2025	02 Feb 2026
Chapter 4, s 4.1a	No	Rob Young	Enter into contract with JBA Consulting Ltd for the design, contractor tender document and technical support during construction phase of the Overstrand Coast Protection Scheme  Full Council authorised the decision to proceed with the Overstrand Scheme on 24 <sup>th</sup> September 2025.	13 Dec 2025	02 Feb 2026
Chapter 4, s 4	No	Rob Goodliffe Coastal Transition Manager	To award a consultant contract to RPA for: Assessing the costs to government of coastal erosion under 'Business as Usual'.  Value: £47,373 excluding VAT	09 Dec 2025	02 Feb 2026
Chapter 6, s 5.1	No	Don MacCallum Director for Resources	Award professional services/consultants contract for:  Coastwise – Coastal Housing Assurance Scheme – Rapid Assessment, Development and Peer Review	03 Dec 2025	02 Feb 2026

## Record of Decisions taken under Delegated Authority (Appendix A)

			Awarded to: JBA Consulting  Value: £72,000 +VAT with an addition up to 50% increase for associated items		
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