

Medium Term Financial Strategy*

2024/25 to 2027/28

North Norfolk District Council

*Subject to update following the budget announcements on 30 October 2024.

Executive Summary

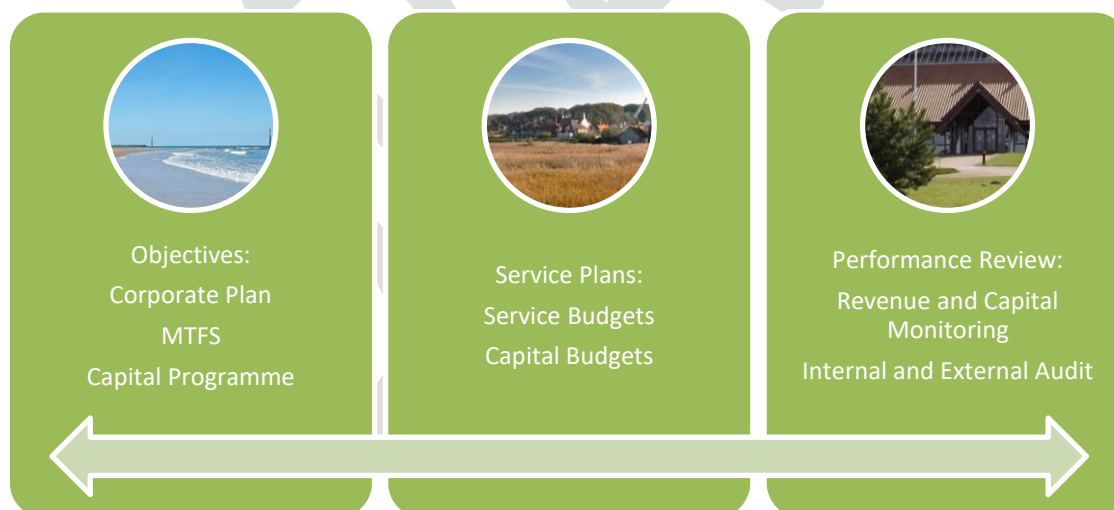
North Norfolk District Council's Medium Term Financial Strategy (MTFS) is a strategic document that supports the delivery of the Corporate Plan. The MTFS sets out how Council's priorities will be achieved by setting out the framework within which resources are available to the Council over the medium 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 four 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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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 Norfolk and 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
- Arts, entertainment and recreation
- Retail

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 and is on the increase. 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 are increasing, 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 financial 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 act NNDC are shown below.

National Pay Review

The discussions on pay come at a time whereby other public sectors have negotiated pay deals with junior doctors agreeing a 22.3% increase in pay over two years, alongside teachers who have negotiated a 5.5% pay increase. NHS Nurses have recently been awarded a 5.5% pay increase.

For Local Government Specifically, the 2022/23 and for 2023/24 pay awards have been given as a flat rate increase for all NJC staff at £1,925 per annum for, giving an average increase of around 5% for each year. The pay award for 2024/25 was agreed with the Unions on 23 October 2024 of a flat rate increase of £1,290 for Grade 12 – Grade 5, with an 2.5% increase for Grade 4 – Grade 1.

Interest rates

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

The current Bank of England base rate, as of October 2024, stands at 5%, following a series of significant rate increases throughout the past 4 years peaking at 5.25% in August 2023 aimed at controlling inflation. The Bank of England base rate was reduced to 5% in August 2024. 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 the higher 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 sort 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.

Local Council Tax Support Schemes (LCTS)

The LCTS scheme was implemented in April 2013 as a replacement to Council Tax Benefit. This change was part of wider welfare reforms to reduce expenditure, giving responsibility of the replacement scheme to Local Councils. LCTS schemes should encourage people into work and be based on the ability to pay. Previously the Council Tax Benefit scheme was 100% funded through subsidy paid to the Council from the Department for Work and Pensions (DWP).

From April 2013 each billing authority was given the discretion to set their own scheme, although at the outset the government did stipulate that the scheme would not change the 100% maximum support for low-income pensioners i.e. they would receive the same level of support as they did under the system of Council Tax Benefit. Funding for LCTS is no longer received as a separate subsidy grant but is now within the overall Local Government Funding system as non ring-fenced funding within the Revenue Support Grant (RSG) and baseline funding level. The local scheme (for North Norfolk) has remained the same since the introduction of LCTS in 2013/14. The local scheme means that those of working age previously entitled to 100% maximum council tax benefit are required to pay a maximum of 8.5% of their council tax liability.

The Council Tax Support Working Group are currently meeting to consider the options for the LCTS for 2025/26. The Council will need to review options going forward to ensure this remains a cost effective, affordable scheme. There is currently a live consultation on this revised scheme - a report will be presented to members shortly regarding this matter.

4. Inflation

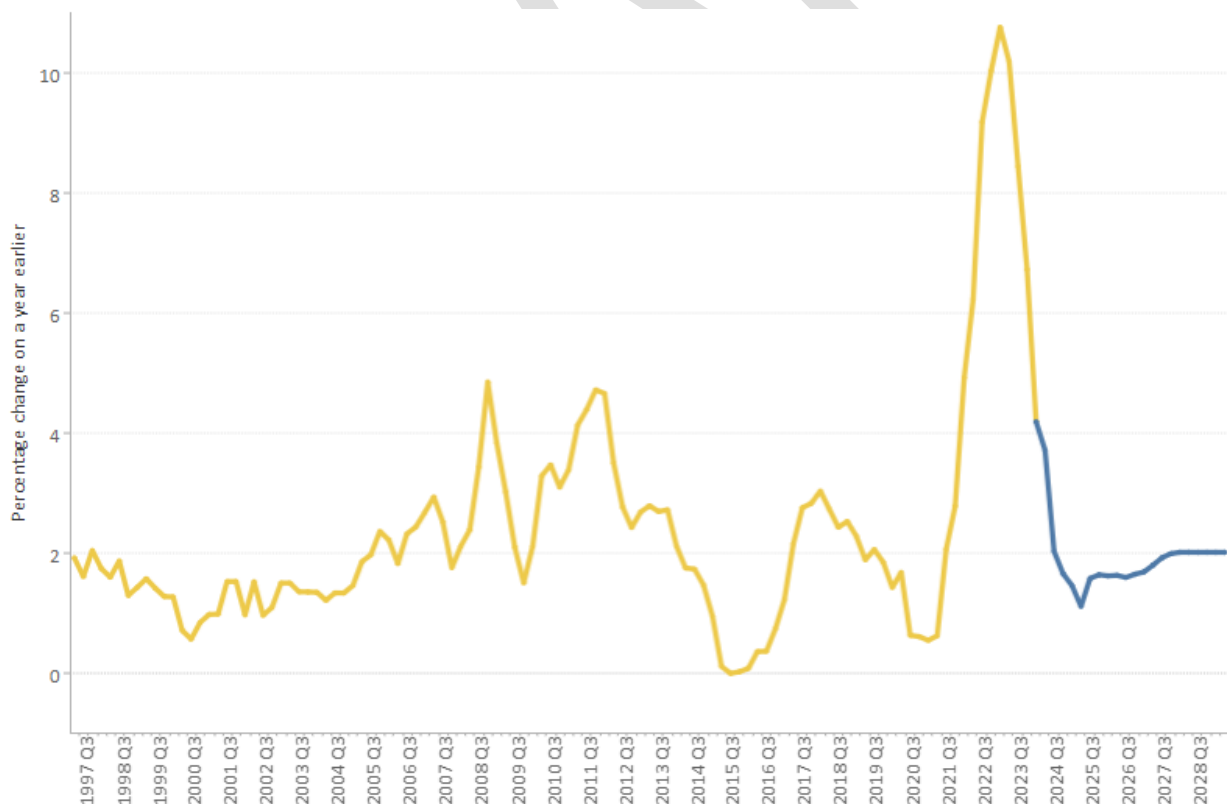
Inflation is the rate at which the prices for goods and services that the Council buys are expected to rise. At the end of September, Consumer Price Index (CPI) inflation was at 1.7%, largely in line with the Government's target rate of 2%

Inflation in recent years has been particularly volatile. Inflation peaked at 11.1% in October 2022. This spike was driven largely by global supply chain disruptions, surging energy costs attributable to geopolitical tensions, and the economic recovery following the COVID-19 pandemic. The Bank of England Monetary Policy Committee has been altering the base rate to bring inflation back to the Government 2% target. Since the peak of inflation, it has slowly been brought back under control with the latest CPI inflation in September 2024 being 1.7% suggesting that further changes to the base rates are imminent. Please refer to Chart 1 for the inflation forecasts for the upcoming period to Q3 2028.

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.

Chart 1 – Inflation Forecast 2024/25 onwards (source OBR)



Source: ONS, OBR

5. Funding changes

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.

Settlement Funding

The Local Government funding settlement is issued each year by the Ministry of Housing, Communities and Local Government (MHCLG) and for NNDC comprises several elements. These include Revenue Support Grant, New Homes Bonus, Baseline Funding Level (via the Business Rates Retention Scheme), Council Tax and Rural Services Delivery Grant.

Revenue Support Grant is not ring-fenced grant and can be spent on services at NNDC's discretion. Based on the current financial projections it is currently showing negative revenue support grant. This occurs when a local authority is deemed to have enough local resources (e.g., from council tax or business rates) that, according to the funding formula, it would no longer require any Revenue Support Grant.

Rather than requiring authorities to pay money back, the government has traditionally intervened to "cancel out" the effect of Negative Revenue Support Grant, meaning authorities with negative amounts are held at a zero level of Revenue Support Grant instead of being asked to return funds.

The total amount of settlement funding is anticipated to drop, as detailed below and is summarised below in Chart 2. Chart 3 shows the change in total funding sources, including Council Tax.

Spending Review/Fair Funding Review

There are two large projects currently to be carried out, a review of the business rates systems, and the fair funding review, both of which have been delayed for a number of years.

Business rate reform is also something being discussed with the potential resetting of the baseline, which would have a significant adverse effect potentially amounting to £2m - £3m less income per annum.

There are a number of projects currently being carried out by MHCLG which have the potential to have a large and unpredictable impact on the Council's finances. The Fair Funding Review is looking at refreshing the data and formulas that sit behind funding allocations for Local Authorities from Central Government. This has not been done since 2011, so even simply refreshing the data would potentially cause large shifts in funding between Councils.

The current crisis in social care funding is likely to mean that more money is channelled towards Authorities with social care responsibilities (such as the County) and away from Authorities such as NNDC. The Fair Funding Review will look again at what drives a Council's need to spend, what resources they can raise locally and create new funding allocations for each authority. Updates on this review, and the consequential financial implications are eagerly awaited from the new Government, who have stated their intention of progressing with the Fair Funding Review, and intention of including multi-year settlements as a part of that process.

The overall amount of funding available for allocation will be governed by the Spending Review, which will effectively decide how much money each Central Government department will have available to spend. Both of these reviews represent significant risk to NNDC's balanced budget position and are being monitored closely by officers.

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Chart 2 - Settlement Funding Assessment, Revenue Support Grant and Baseline Funding Level

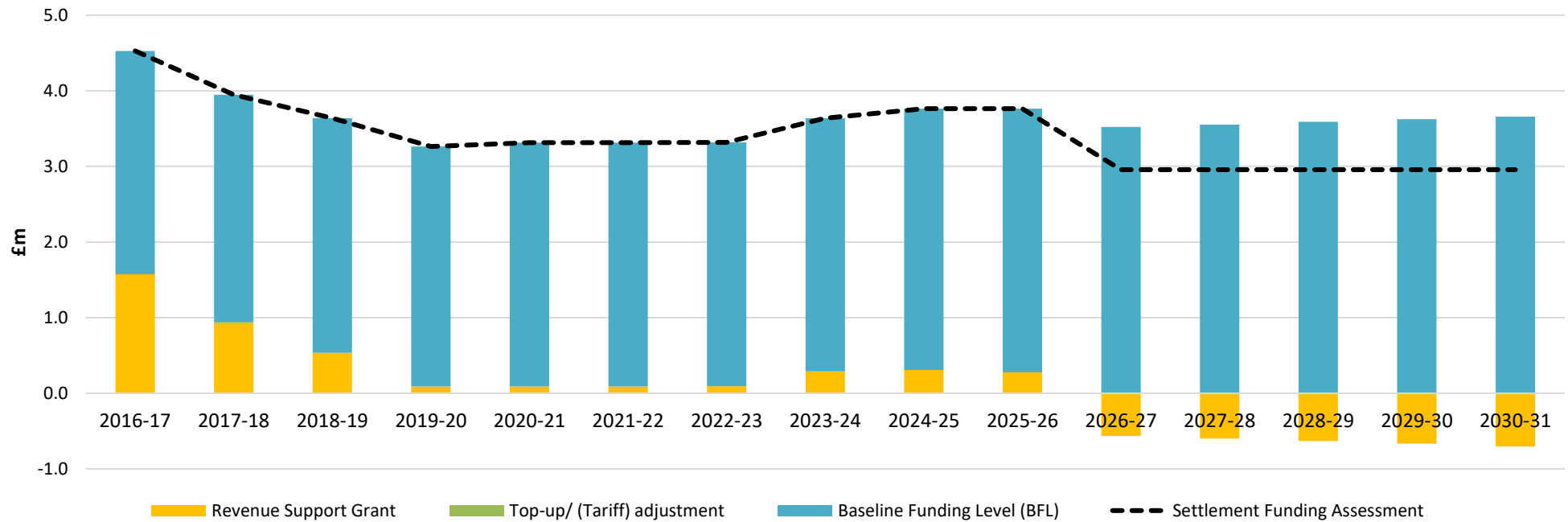
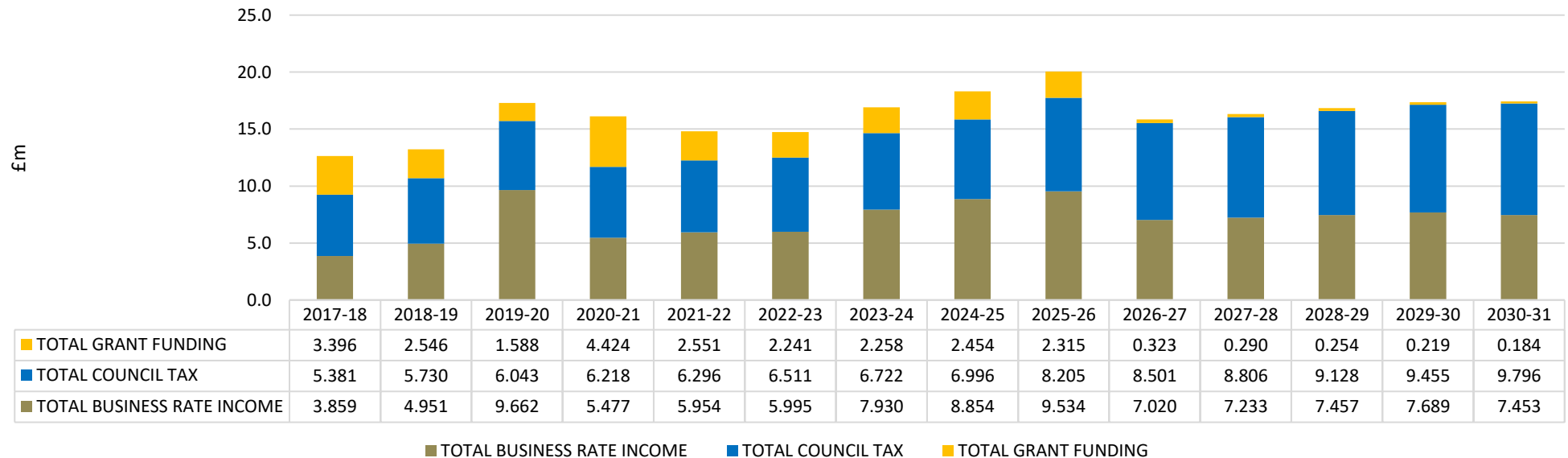


Chart 3 - Sources of Funding



6. Income

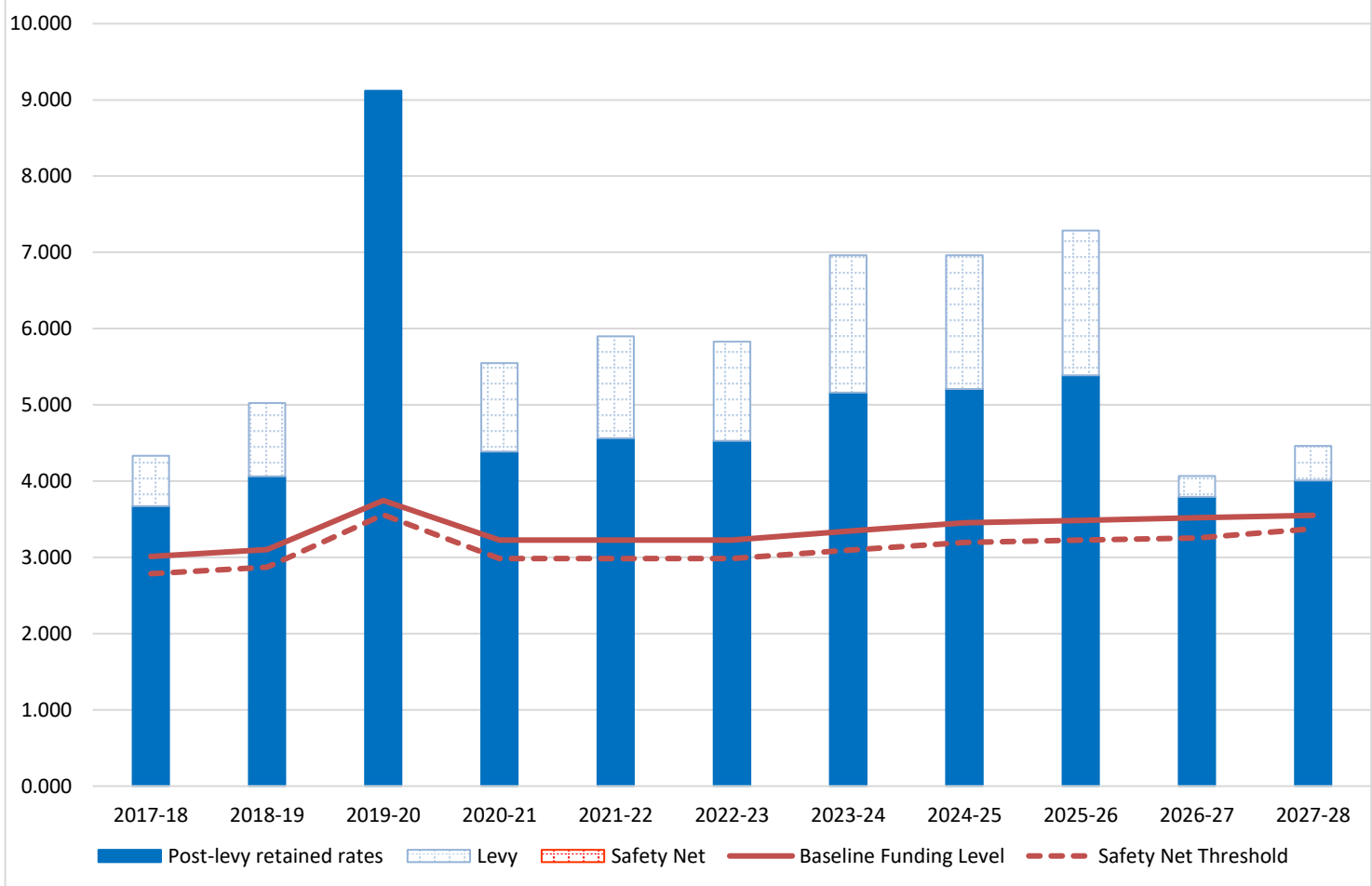
The Council derives a limited and reducing amount of funding from Central Government, with the main sources of income now being locally raised taxes, fees and charges and specific grants. This section explains more about how the Council is funded and how this is expected to change over the coming years.

Business Rates Retention

Since the 2013/14 financial year, local government has been able to retain 50% of the growth in the local business rates income to support services. As part of a manifesto commitment, the Government had pledged to allow Councils more control locally over their finances, and as part of this began to plan for an eventual system of 100% local retention of business rates growth. In exchange for this, Councils would have to forgo certain grants received from Central Government.

The income from the current system is shared on the basis of 50% being returned to Central Government, 40% being retained by NNDC with 10% going to the County. However, while technically NNDC's share is projected to be around £15.9m, after the tariff payment is made the net income to NNDC reduces to around £5.4m for 2025/26. Chart 4 shows the anticipated funding for the Council from the Business Rates Retention Scheme.

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



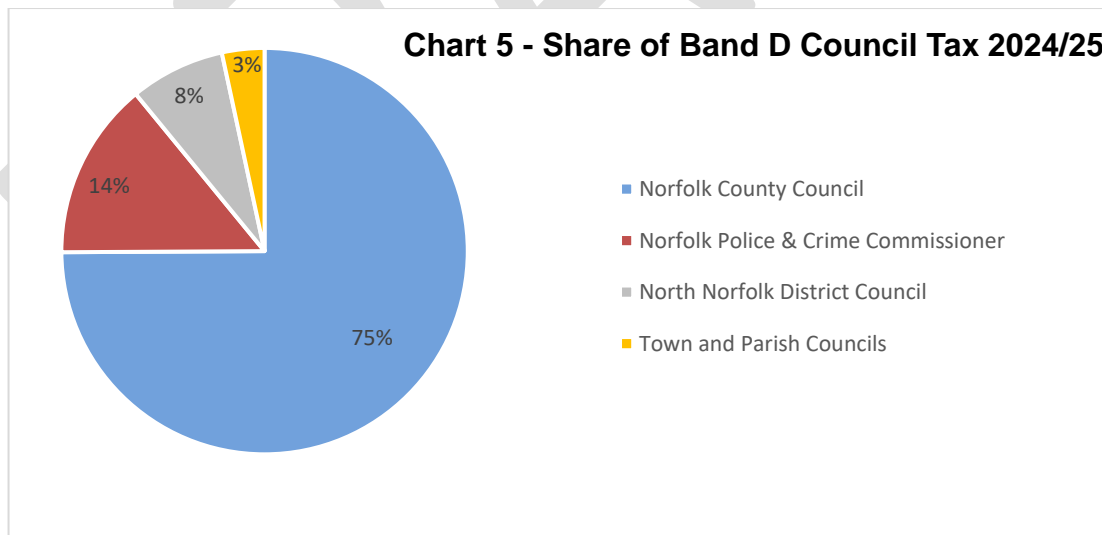
New Homes Bonus

The New Homes Bonus (NHB) 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. Since its initial introduction the payment mechanism has undergone two fundamental changes which have significantly impacted on the income received by NNDC.

The first was the transition from payments rolled up over a 6 year period up to 2016/17 (for which the Council received £2.1m, to 5 years in 2017/18 to the new 'floor' of 4 years from 2018/19 onwards. The second was in 2017/18 when a national baseline of 0.4% (based on property numbers within the district) was introduced. The combined effect of these two changes is forecast has seen income drastically decrease from the highest point in 2016/17 of £2.1m to only £31k in 2023/24, further falling to a budgeted £5.6k in 2024/25. The level we receive depends upon the number of houses brought back into use alongside the number of new developments – this is an area that the current Government are looking to review.

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 £168.57. 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. The Government is currently consulting on this, but the current view is that this cap will remain the same for the coming year. 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

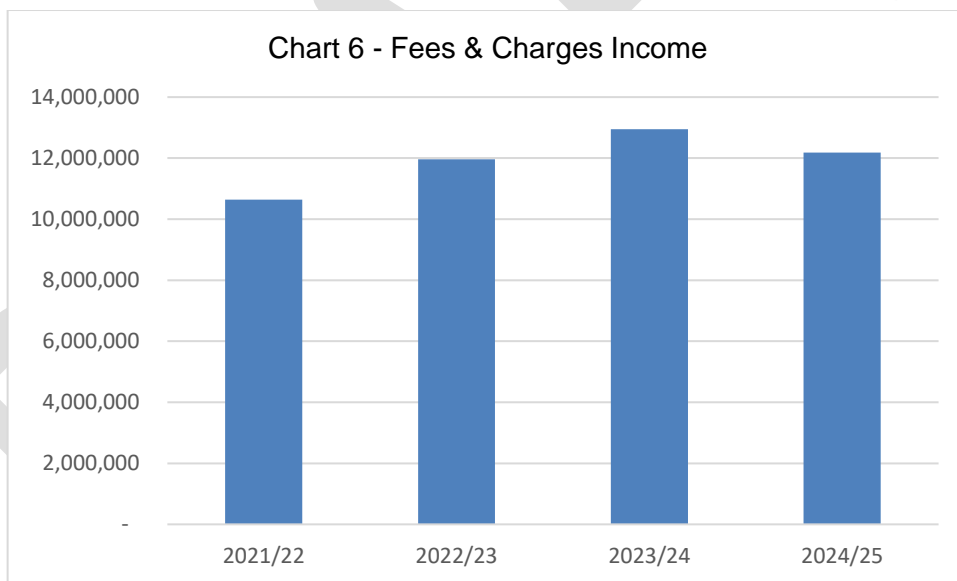
The Council generates income through various fees and charges for services provided to residents and businesses. These charges help fund essential services and maintain financial sustainability. The way these fees are determined can vary, with some being set by central government and others by the Council 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 – 2023/24, alongside the budgetted income for 2024/25.



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 as presented and approved on 21 February 2024.

Table 1: General Fund Summary 2024/25 – 2027/28

	2024/25 Base Budget £	2025/26 Projection £	2026/27 Projection £	2027/28 Projection £
Net Operating Expenditure	22,062,303	21,934,464	22,471,738	23,255,185
Contributions to/(from) Earmarked Reserves:	(1,796,456)	(189,330)	(3,053)	7,707
Amount to be met from Government Grant and Local Taxpayers	20,265,847	21,745,134	22,468,685	23,262,892
Income from Government Grant and Taxpayers	(20,265,847)	(19,898,824)	(19,476,542)	(19,941,455)
(Surplus)/Deficit	-	1,846,310	2,992,143	3,321,437

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.

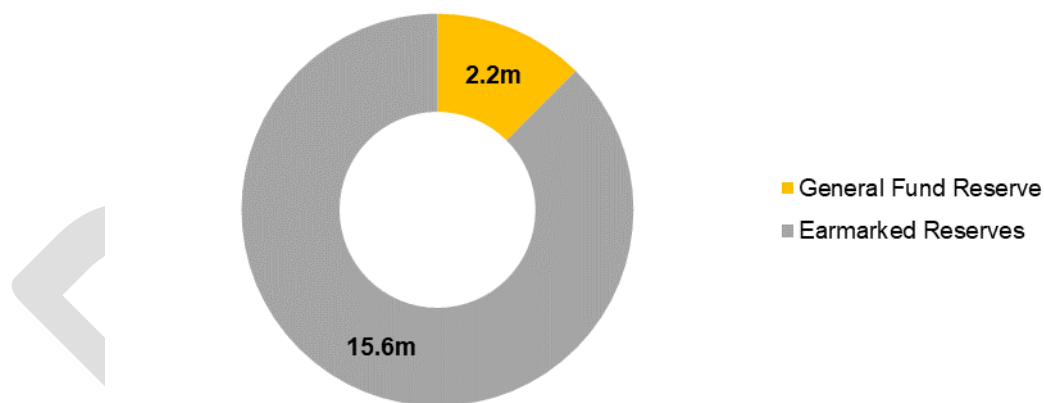
Earmarked Reserves provide a means of building up funds to meet known or predicted liabilities and are typically used to set aside sums for major schemes, such as capital developments or asset purchases, or to fund restructurings. A number of contingency reserves are also held by the Council to reduce 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 2025/26, 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.

Chart 7 – Reserves Balances as at 1 April 2024

Reserve Balances at 1 April 2024

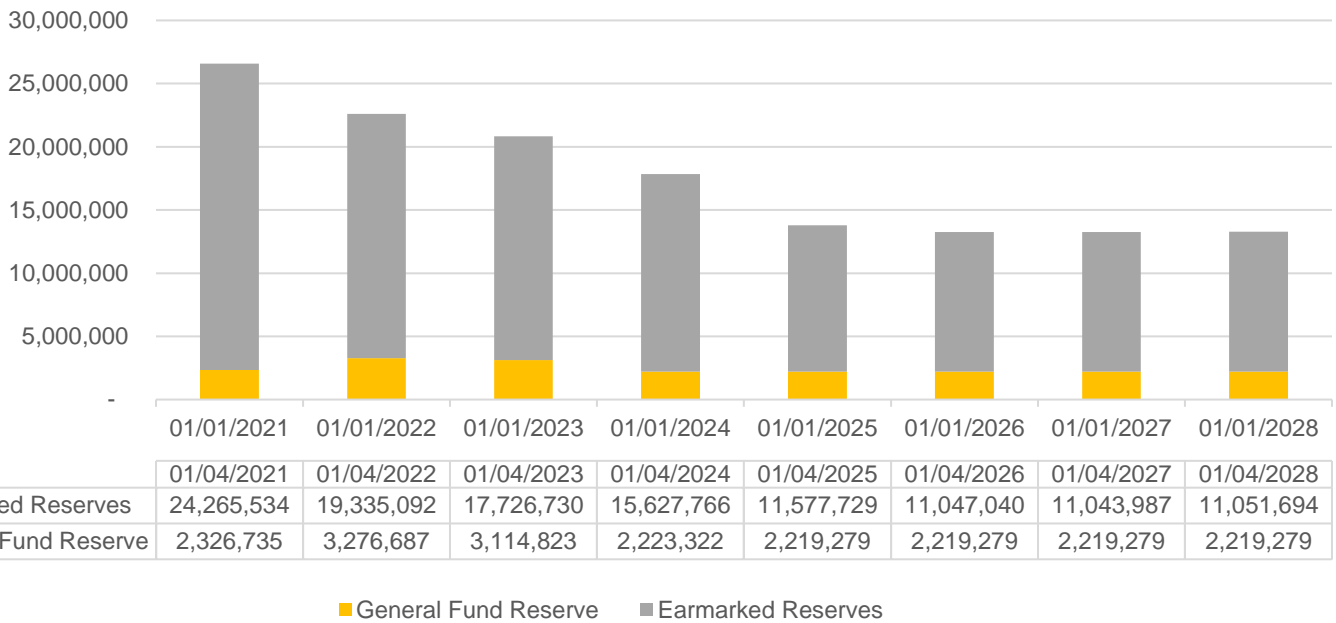


There are currently 26 earmarked reserves alongside the General Fund Reserve. The names and individual details of these earmarked reserves can be found in Appendix 2.

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.

Chart 8 - Projected Reserve Balances to 1 April 2028



The above projection with Chart 8 predicts a fall in the levels of Reserves held from £17.85m to £13.27m by April 2028.

Forward Looking Assumptions

Assumptions play a critical role in the development of a local council’s Medium Term Financial Strategy. 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** – A major factor for the Council is the assumption around future government grants and funding levels. Central government funding can fluctuate due to changes in national policy or funding formulas. Councils need to carefully project how much they can expect to receive, especially when funding levels are uncertain.
- **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.

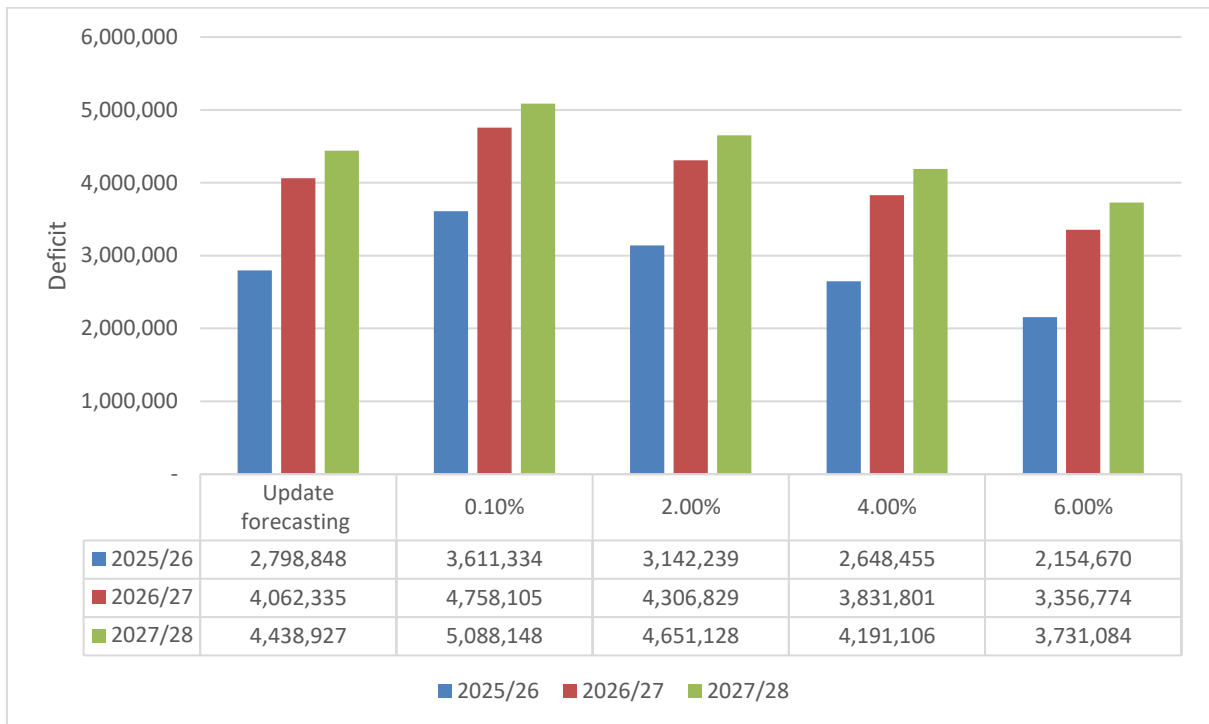
Inflation rates have been turbulent since 2021. To demonstrate how these variances have the potential to impact the projections Chart 9 below shows the impact of inflation on the overall surplus/deficit position at various increments; 2%, 4%, 6%, 8% alongside the current budget and projection as approved by the Council.

Chart 9 - Impact on overall deficit projections from inflation movements



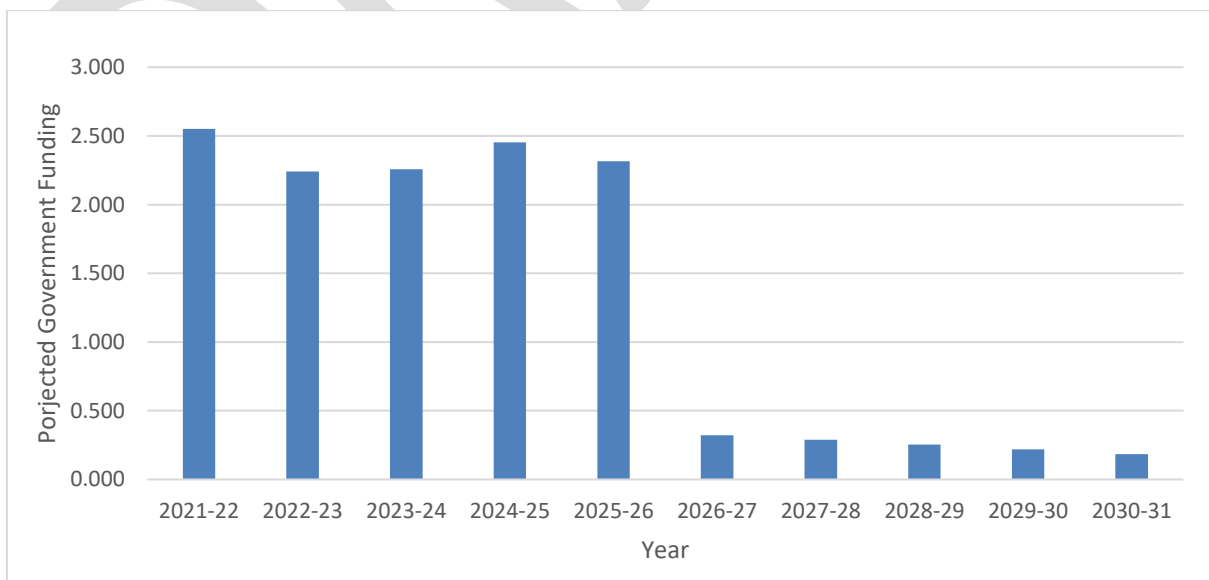
Interest rates have increasing since the beginning of 2022 until it stabilised for a 12-month period at 5.25%, recently have reduced to 5%. Interest is linked to inflation with the Bank of England base rate often set as an attempt to control inflation. As demonstrated in Chart 10 inflation is beginning to settle towards the target set by Central Government, therefore meaning drops in the base rates could be reasonably expected. However, there is scope for interest rates decreases to be held, or for subsequent rises should the economic environment not improve as forecasted. Chart 10 demonstrates the impact of effective return on investments rates on the overall surplus/deficit position at various increments; 0.1%, 2%, 4%, 6%, alongside an updated forecast based on latest interest rate projections.

Chart 10: The impact of effective interest rates earned on investment on the Deficit position



The future of government funding remains uncertain and is inherently difficult to predict with a complete rework of the system possible, with all Councils eagerly awaiting further news from the recently elected Government regarding any funding reviews considering the financial turmoil faced by many Councils across the country. However, to demonstrate the sensitivity of this in relation to the projections Chart 11 below shows the expected levels of government funding currently projected to be received, assuming that the fair funding review proceeds in the 2026/27 year.

Chart 11: The level of projected grant funding expected to be received.



Capital

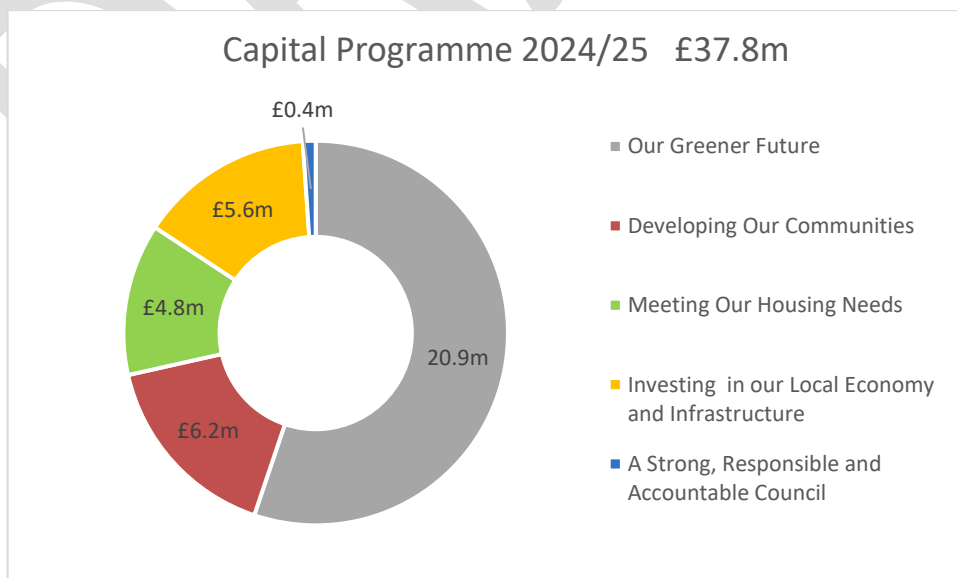
The capital programme shows what the Council intends to spend on purchasing new assets and improving its existing ones over the next three years.

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 (RCCO) which would avoid the need to make an MRP charge.

Future external borrowing is assumed to finance a portion of the Sheringham Leisure Centre replacement project and could also be used to finance future capital projects. Short-term borrowing rates are currently very low, meaning it may be preferable to undertaking long-term borrowing at the current time.



8. Closing the Budget gap

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

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.

Savings Proposals

Service managers across the Council have been asked to provide savings proposals, these are currently being received and will be considered as part of the budget setting process.

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.

Cessation of non-economically viable non statutory services

One of the approaches to addressing the budget gap is the cessation of non-economically viable non-statutory services. Non-statutory services - those not legally required by government mandates - are often valued by communities but can significantly strain the

Council's budget, especially when they operate at a financial loss. By carefully assessing which services are both non-statutory and non-viable economically, the council can make informed decisions about which offerings to discontinue or reduce.

This process typically involves a detailed cost-benefit analysis to identify services that may be underutilised, duplicative, or unsustainable without substantial subsidy. Redirecting funds from these services allows the council to prioritise statutory and essential functions.

Reduce level of statutory services

Investigating the standard of statutory services provided offers an opportunity to identify where levels of service can be adjusted 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. For instance, reducing the frequency of certain services, such as routine maintenance.

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 such as the new banking contract, shared service delivery where appropriate and selling services.

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.

Alongside this the increased flexibilities around council tax discounts provides a further potential income stream. There is currently a review ongoing and recommendations on the level of council tax discounts will be reported for approval as part of the budget reports for 2025/26.

New opportunities

Given the current uncertainties around issues such as changes to the Local Government funding mechanisms it will be essential to identify new opportunities to either increase income, increase efficiency through the redesign of services, explore new partnership models for service delivery etc and this will be one of the main challenges over the medium term.

While the Council's reserves do provide some level of comfort over the short term and could be used to address budget deficits this is not a sustainable financial strategy for the medium to long term.

Appendix 1 – General Fund Summary – As presented to full council

Service Area	2023/24 Base Budget £	2023/24 Updated Base Budget £	2024/25 Base Budget £	2025/26 Projection £	2026/27 Projection £	2027/28 Projection £
Corporate Leadership/ Executive Support	484,705	525,720	406,877	435,410	447,048	459,189
Communities	11,834,134	11,733,424	11,530,421	11,998,954	12,406,133	12,857,050
Place and Climate Change	6,509,032	6,500,859	7,121,376	6,606,105	6,577,614	6,721,991
Resources	5,518,103	5,518,103	4,707,483	4,560,815	4,693,816	4,855,348
Savings to be Identified	-	-	(250,000)	-	-	-
Net Cost of Services	24,345,974	24,278,106	23,516,157	23,601,283	24,124,610	24,893,579
Parish Precepts	2,875,207	2,875,207	3,129,194	3,129,194	3,129,194	3,129,194
Capital Charges	(2,456,953)	(2,456,953)	(2,962,374)	(2,962,374)	(2,962,374)	(2,962,374)
Refcus	(1,677,167)	(1,677,167)	(761,647)	(761,647)	(761,647)	(761,647)
Interest Receivable	(1,533,436)	(1,533,436)	(1,865,172)	(1,865,172)	(1,865,172)	(1,865,172)
External Interest Paid	-	-	40,285	23,880	23,880	23,880
Revenue Financing for Capital:	710,000	3,757,578	210,000	-	-	-
Minimum Revenue Provision	330,000	330,000	487,860	501,300	515,247	529,725
IAS 19 Pension Adjustment	265,496	265,496	268,000	268,000	268,000	268,000
Net Operating Expenditure	22,859,121	25,838,831	22,062,303	21,934,464	22,471,738	23,255,185
Contributions to/(from) Earmarked Reserves:	2023/24 Base Budget	2023/24 Updated Base Budget	2024/25 Base Budget	2025/26 Projection	2026/27 Projection	2027/28 Projection
Capital Projects Reserve	(400,000)	(400,000)	-	-	-	-
Asset Management	-	(405,564)	(120,000)	-	-	-
Benefits	(111,305)	(111,305)	(46,622)	-	-	-
Building Control	(81,866)	(89,690)	(122,542)	(11,883)	-	-

Business Rates Reserve	(1,278,267)	(1,278,268)	(18,000)	(18,000)	(18,000)	(18,000)
Coast Protection	-	(134,003)	(265,738)	-	-	-
Communities	(275,000)	(275,000)	(131,550)	-	-	-
Delivery Plan	(1,289,412)	(2,472,360)	(451,894)	(159,764)	(10,000)	(10,000)
Economic Development & Tourism	(44,800)	(44,800)	(10,000)	(10,000)	(10,000)	(10,000)
Elections	(100,000)	(133,015)	60,000	60,000	60,000	60,000
Enforcement Board	-	-	-	-	-	-
Environmental Health	(16,000)	(34,372)	(40,000)	-	-	-
Grants	-	(304,784)	(77,969)	(44,410)	(19,780)	(9,020)
Housing	(555,898)	(1,257,875)	(128,318)	(55,273)	(55,273)	(55,273)
Land Charges	-	-	(89,100)	-	-	-
Legal	(31,745)	(31,745)	(36,000)	-	-	-
Major Repairs Reserve	-	(341,223)	(50,000)	-	-	-
New Homes Bonus Reserve	(178,000)	(48,000)	(150,000)	-	-	-
Organisational Development	(42,742)	(42,742)	(26,123)	-	-	-
Planning Revenue	(148,965)	(128,965)	(37,300)	50,000	50,000	50,000
Restructuring/Invest to save	-	-	(45,456)	-	-	-
Contribution to/(from) the General Reserve	(356,461)	(356,460)	(9,844)	-	-	-
Amount to be met from Government Grant and Local Taxpayers	17,948,660	17,948,660	20,265,847	21,745,134	22,468,685	23,262,892

Funding	2023/24 Base Budget	2023/24 Updated Budget	2024/25 Base Budget	2025/26 Projection	2026/27 Projection	2027/28 Projection
Parish Precepts	(2,875,207)	(2,875,207)	(3,129,194)	(3,129,194)	(3,129,194)	(3,129,194)
Council Tax	(6,738,797)	(6,738,797)	(7,068,941)	(7,309,692)	(7,583,998)	(7,868,911)
Collection Fund Surplus	-	-	(108,332)	-	-	-
Retained Business Rates	(6,315,000)	(6,315,000)	(7,683,000)	(7,683,000)	(7,683,000)	(7,863,000)
New Homes bonus	(31,080)	(31,080)	(5,600)	-	-	-
Revenue Support Grant	(102,462)	(102,462)	(309,046)	(325,048)	(325,048)	(325,048)
Funding Guarantee	(974,416)	(974,416)	(1,230,666)	(700,273)	-	-

Rural Services Delivery Grant	(567,386)	(567,386)	(656,974)	(567,386)	(567,386)	(567,386)
LCTS Admin Grant	(136,747)	(136,747)	-	-	-	-
Ctax Discount Grant	(50,074)	(50,074)	(51,576)	(52,608)	(53,660)	(53,660)
Lower Tier Services Grant	-	-	-	-	-	-
Services Grant	(130,442)	(130,442)	(22,518)	(131,623)	(134,256)	(134,256)
Business rates Levy Surplus	(27,049)	(27,049)	-	-	-	-
Income from Government Grant and Taxpayers	(17,948,660)	(17,948,660)	(20,265,847)	(19,898,824)	(19,476,542)	(19,941,455)
(Surplus)/Deficit	-	-	-	1,846,310	2,992,143	3,321,437

Appendix 2 – Projected Reserve Movements

Reserve	Balance 01/04/24	Updated Movement 2024/25	Forecast Balance 01/04/25	Budgeted Movement 2025/26	Balance 01/04/26	Budgeted Movement 2026/27	Balance 01/04/27	Budgeted Movement 2027/28	Balance 01/04/28
	£	£	£	£	£	£	£	£	£
General Fund - General Reserve	2,223,322	(4,043)	2,219,279	-	2,219,279	-	2,219,279	-	2,219,279
<u>Earmarked Reserves:</u>			-						
Capital Projects	555,618	(555,618)	-	-	-	-	-	-	-
Asset Management	633,544	(248,186)	385,358	-	385,358	-	385,358	-	385,358
Benefits	725,822	(46,622)	679,200	-	679,200	-	679,200	-	679,200
Building Control	145,799	(110,542)	35,257	(23,883)	11,374	-	11,374	-	11,374

Business Rates	1,784,591	(18,000)	1,766,591	(18,000)	1,748,591	(18,000)	1,730,591	(18,000)	1,712,591
Coast Protection	241,534	(265,738)	(24,204)	-	(24,204)	-	(24,204)	-	(24,204)
Communities	300,491	(131,550)	168,941	-	168,941	-	168,941	-	168,941
Delivery Plan	2,221,101	(1,600,718)	620,383	(401,509)	218,874	(10,000)	208,874	(10,000)	198,874
Economic Development and Regeneration	178,326	(12,250)	166,076	(10,000)	156,076	(10,000)	146,076	(10,000)	136,076
Election Reserve	63,000	60,000	123,000	60,000	183,000	60,000	243,000	60,000	303,000
Enforcement Works	45,962	-	45,962	-	45,962	-	45,962	-	45,962
Environmental Health	1,152,018	(572,426)	579,592	-	579,592	-	579,592	-	579,592
Environment Reserve	150,000	-	150,000	-	150,000	-	150,000	-	150,000

Grants	2,686,696	(77,969)	2,608,727	(44,410)	2,564,317	(19,780)	2,544,537	(9,020)	2,535,517
Housing	1,422,448	(356,479)	1,065,969	(55,273)	1,010,696	(55,273)	955,423	(55,273)	900,150
Innovation Fund	-	532,426	532,426	-	532,426	-	532,426	-	532,426
Land Charges	339,152	(89,100)	250,052	-	250,052	-	250,052	-	250,052
Legal	88,914	(36,000)	52,914	-	52,914	-	52,914	-	52,914
Major Repairs Reserve	767,979	(50,000)	717,979	-	717,979	-	717,979	-	717,979
Net Zero Initiatives	471,857	-	471,857	-	471,857	-	471,857	-	471,857
New Homes Bonus (NHB)	146,149	(62,386)	83,763	(87,614)	(3,851)	-	(3,851)	-	(3,851)
Organisational Development	112,221	(26,123)	86,098	-	86,098	-	86,098	-	86,098
Pathfinder	89,566	-	89,566	-	89,566	-	89,566	-	89,566

Planning	287,926	(37,300)	250,626	50,000	300,626	50,000	350,626	50,000	400,626
Restructuring & Invest to Save Proposals	717,051	(45,456)	671,595	-	671,595	-	671,595	-	671,595
Treasury	300,000	(300,000)	-	-	-	-	-	-	-
Total Reserves	17,851,087	(4,054,080)	13,797,008	(530,689)	13,266,319	(3,053)	13,263,266	7,707	13,270,973

Appendix 3 – Capital Programme 2024/25 and beyond

Corporate Priority	Current Budget 2024/25	Forecast Expenditure 2024/25	Updated Budget 2025/26	Updated Budget 2026/27	Updated Budget 2027/28
	£		£	£	£
Our Greener Future	20,875,958	10,998,538	6,440,051	6,697,712	300,000
Developing our Communities	6,173,416	5,589,956	8,209,000	-	-
Meeting our Housing Need	4,827,670	3,549,777	1,300,000	1,300,000	1,000,000
Investing in our Local Economy and Infrastructure	5,551,787	2,510,002	210,000	60,000	-
A Strong, Responsible and Accountable Council	404,219	404,219	162,000	60,000	-
Total Expenditure	37,833,050	23,052,492	16,321,051	8,117,712	1,300,000
Grants and Contributions	28,101,069		14,373,328	7,447,712	1,000,000
Reserves	2,352,670		718,723	-	-
Capital Receipts	3,539,929		712,000	610,000	300,000
Internal / External Borrowing	3,839,382		517,000	60,000	-
Total Funding	37,833,050		16,321,051	8,117,712	1,300,000