Agenda Item No____________

Medium Term Financial Strategy 2022-25

Summary:	This report presents for approval the latest medium term financial plan and projections for the following three years to 2023/24.
Options considered:	The Medium Term Financial Strategy for the forthcoming financial years must be set annually. The position now presented for approval is the culmination of work carried out by officers and Members over a number of months, details of which are provided within the report.
Conclusions:	This report presents the latest financial projections for the following three financial years, 2022/23 to 2024/25, which have been produced based on a number of assumptions as detailed within the main body of the report and appendices and also reflects the provisional finance settlement announced on 17 December 2020. The report also outlines the risks facing the Council in forecasting future spending plans and resources.
Recommendations:	**It is recommended that Full Council approve the Medium Term Financial Strategy**
Reasons for Recommendations:	**A Medium Term Financial Strategy must be approved each year**

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW
(Papers relied on the write the report and which do not contain exempt information)

Outturn Report 2019/20, Medium Term Financial Strategy 2020/21 – 2023/24, 2020/21 budget monitoring reports, O&S Draft Budget Review 2021/22.

Cabinet Member(s): Cllr Eric Seward	Ward(s) affected All

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1 Introduction

1.1 The Medium Term Financial Strategy (MTFS) is a strategic document that supports the delivery of the Corporate Plan outcomes. The MTFS establishes how the Council's priorities will be achieved by setting out the framework within which resources are available over the medium term and the financial challenges facing the Council in terms of future funding gaps. It is the method by which the Council plans translates its long-term goals into action by considering;

- Where the Council is now
- Where the Council wants to be
- What the Council's plans are to get there

1.2 The MTFS helps to ensure that the Council is 'doing the right thing' while taking account of internal strengths/weaknesses and external threats/opportunities. It should also provide a link between the Council's long-term service objectives and its financial capacity, which effectively asks the question 'can the strategic objectives be achieved within the available financial envelope?'

1.3 For the first time, the Medium Term Financial Strategy is presented in the same report as the Budget for approval, although this document has been separately prepared for Overview and Scrutiny, to allow them to consider it in addition to the Budget, which was pre-scrutinized in January 2021.

2 Corporate Plan – 'Where we want to be'

2.1 In May 2019 a new Council was elected and has now adopted a new Corporate Plan which sets out the intent and ambition of the authority for the period 2019 – 2023 (which can be found here). The Corporate Plan provides the framework and context for the Council's service provision, project interventions and resource allocation (financial and staffing) for the period through to 2023. The Plan is subject to annual review to ensure that it continues to reflect the Council's priorities and objectives throughout the next four years in response to emerging trends, policy developments and legislation.

2.2 It reflects the essential needs and aspirations of our customers and communities and how we feel the Council can best use its resources to deliver services and outcomes that make a positive difference for everyone who lives in, works in or visits North Norfolk.

2.3 However, despite the District having a number of very positive attributes we also have some big challenges: – responding to environmental change, increasing housing supply, supporting economic growth, meeting the challenges of service delivery to rural communities and the needs of both our young people and a rapidly ageing population.

2.4 The Corporate Plan identifies six key themes where we would propose developing actions and allocating resources to respond to the challenges our district faces in the years to come as detailed below;

- Local Homes for Local Need
- Boosting Business Sustainability and Growth
- Climate, Coast and the Environment
- Quality of Life
- Customer Focus
- Financial Sustainability

2.5 Planning for the future is challenging, especially given the broad range of services we provide, and the competing demands for increasingly scarce resources. All our services are committed to making improvements and finding savings, so that the Council remains efficient, effective and meets the day to day needs of the communities we serve. The purpose of the Corporate Plan is to focus on those priorities where we need to give specific attention. It will help us target better our dwindling capital and revenue resources and help direct and focus any bids for external grant support. The Plan also provides a framework against which we can assess our progress to support the needs of our customers and communities.

2.6 The Delivery Plan, which supports the objectives contained within the Corporate Plan, was approved by Full Council during 2020. This details how we will judge our performance; it will also be the means by which the Council agrees its improvement objectives. It includes the expected outcomes from each of the six key themes and be supported by a set of priority actions and measures through which the Council will undertake a self-assessment of the level of improvement made.

2.7 The Climate, Coast and Environment theme will help to ensure that the Council delivers on its Climate Emergency agenda and this element of the Corporate Plan will permeate and influence all of the other work stream and Delivery Plan themes so that it becomes embedded within the culture of the organisation. The Council will look to generate income from the Electric Vehicle Charging Points which have been installed in Council owned car parks across much of the District. Solar panels are also generating an income on the Council's main office block in Cromer. In addition to reducing the Council's running costs, these panels are projected to provide £10,000 per annum of income to support the Council's budget.

2.8 A number of the Delivery Plan projects will support the Climate Emergency agenda and the Council will try and ensure as far as possible that environmental considerations are built in to all areas of the Council's day to day business operations.

2.9 The Council is currently supporting its Climate Change agenda and motion on Climate Emergency by earmarking £330,000 from the Delivery Plan Reserve to facilitate the planting of 110,000 trees in the District. Two climate change officers are now in post and working on the draft Environment Charter and Action Plan. A further £150,000 is available within an earmarked reserve to support initiatives under this plan. Activities are likely to be related to:

- Monitoring and managing the Council's carbon footprint
- Alternative Energy Projects
- Biodiversity improvements
- Electric Vehicle Charging
- Waste reduction
- Raising awareness and creating behaviour changes through community engagement

2.10 Underpinning the Corporate Plan is the day to day business that departments undertake and which will be reflected in departmental Service Plans. All Service Plans are linked to the Corporate Plan. These plans also include the performance measures by which the delivery of wider improvement activity can be managed. The Corporate Plan is a living document and will be regularly reviewed throughout its life to reflect changes in the local, regional and national context.

2.11 The priorities within the Corporate Plan were developed by talking with, and listening to the community, Elected Members, staff and other key stakeholders all of whom have helped to shape the content of the Plan.

Our Strategic Priorities 2019 – 2023

2.12 The Delivery Plan includes a series of priority actions and measures that we will monitor to assess if we have made a difference. Progress and tracking against the identified actions and delivery of the outcomes will form a key part of the Council's performance management framework.

Investment in Priority Areas

2.13 Whilst the overall level of the Council's resources is reducing it is important that a clear focus is maintained on matching funding to priorities. This will remain a key focus over the coming years to ensure the aspirations contained within the new Corporate Plan and the projects contained within the Delivery Plan are realised.

Our Vision

2.14 In order to develop a long term plan, every organisation needs to set an aspiration of where the organisation is aiming to be in the future. This enables everyone to be united in a shared direction and purpose. The Council's aspiration is as follows:

North Norfolk District Council – putting our customers at the heart of everything we do

Our Values

2.15 Our values represent the beliefs and expected behaviour of everyone working for North Norfolk District Council. Our values, which aim to support quality services, we;

- Respect everyone and treat everyone fairly
- Are open and honest and listen
- Strive to offer the best value for money service
- Welcome new challenges and embrace change

'One Team' Team Approach

2.16 In order to deliver high quality services, we need to have excellent teams to deliver them. We recognise that our staff are our most important resource at the heart of the services we provide. We are committed to investing in staff and their development so that we have well trained and supported employees, providing professional services and who are happy and motivated in their work. The One Team approach also includes Members to ensure we work closely together to deliver our priority outcomes and that their training needs are also met as part of their ongoing development.

3 Horizon Scanning

3.1 There are various local and national pressures which will have an effect on the Council's budget and may represent a risk to the delivery of the Council's Corporate Plan. A SWOT analysis has been undertaken which can be found at Appendix F which categorises these pressures as either a strength, weakness, opportunity or threat with the following definitions:

Strength: Things that the Council does well

Weakness: Things the Council need to improve upon

Opportunity: Something that could contribute positively to the Councils Corporate Plan

Threat: Emerging risks to the Corporate Plan and/or budget

4 Our Future Financial Position – Projections 2022/23 – 2024/25

4.1 The current projections over the Medium Term can be found at Appendix A. If we do nothing, we will have budget deficits which will greatly restrict our ability to deliver the Corporate Plan. We have the opportunity, now that we are forewarned, to develop a strategy to reduce the budget deficit in a sustainable way, which protects front line services as a priority and allows the Council to deliver on the key themes of the Corporate Plan.

9.1 Due to the ongoing COVID 19 response, a one-year Provisional Local Government Finance settlement was announced. This does not provide any certainty as regards the future of local government financing and, coupled with the delayed ongoing Fair Funding and business rates reviews, makes future years' projections incredibly difficult.

9.2 The forecast financial projections included at Appendix A make assumptions around future spending forecasts but have now been updated following receipt of the provisional settlement figures for 2021/22 and attempt to predict future income levels.

9.3 The assumptions around council tax funding reflect a year on year £4.95 increase in council tax in line with the current referendum principles although it should be noted that any decision regarding increases to council tax will be made annually in line with the budget setting process.

9.4 After allowing for these assumptions the overall position shows a balanced budget in 2021/22 with future deficits forecast in future years of around £1.7m in 2022/23 and beyond.

9.5 Further consultation is expected in respect of the Fair Funding Review and the new Business Rates Retention Scheme. The future year forecasts are based on the best available information at the current time and are cautious estimates.

9.6 The Provisional Local Government Finance settlement announcement has assumed that local authorities will increase council tax annually by either 2% or the £5 where the local authority is in the lowest quartile. NNDC is currently in the lowest quartile and the funding assumptions made in the settlement assume that there is an annual increase in council tax of £5 for each year of the settlement. As discussed above, the proposals for the 2021/22 financial year are for a £4.95 increase in Council Tax and the future forecasts assume this strategy is continued. However, if council tax were not to be increased next year this would negatively impact on both the current forecast balanced budget for next year and the future years' deficits and the impact of which can be seen within the table below.

Table 1 – Council tax projections				
Allocation	**2021/22**	**2022/23**	**2023/24**	**2024/25**
	£	**£**	**£**	**£**
Budget (surplus)/deficit	**202,747**	**2,213,223**	**2,735,164**	**2,700,200**
2021/22 - £4.95 increase	(202,747)	(203,688)	(204,678)	(206,163)
2022/23 - £4.95 increase		(203,688)	(204,678)	(206,163)
2023/24 - £4.95 increase			(204,678)	(206,163)
2024/25 - £4.95 increase				(206,163)
Total additional income from Council tax	**(202,747)**	**(407,375)**	**(614,033)**	**(824,650)**
Adjusted (surplus)/deficit	**0**	**1,805,848**	**2,121,131**	**1,875,550**

9.7 The table above shows what impact **not increasing council tax** would have on the future year's deficit forecasts as the present assumptions within the MTFS and the budget are that council tax will be increased year on year. It should be noted that while the current referendum principle caps the maximum at £5.00 and proposed increase at this level would actually result in an increase of £4.95 as any increase has to be divisible by 9 due the way the calculations are undertaken and adjusted to represent Band D equivalent properties.

9.8 If these recommended council tax increases are not made over the period, the current forecast deficit of £1.9m for 2024/25 **would increase to £2.7m** and the Council would forgo council tax income of c£0.8m over the period based on the current forecasts.

9.9 In view of the Governments change in approach towards funding for Local Authorities with a greater emphasis on Council Tax rises, and the cumulative impact of grant reductions from RSG and New Homes Bonus, freezing council tax over the medium term is not an approach that can be recommended.

9.10 Recent feedback from MHCLG officers also suggests that, as the central government funding assumption is that Council's will be using their local income raising powers wherever possible, that those choosing not to do so are in effect not taking the future funding deficits seriously. They also indicated that this might indicate a lack of financial resilience in terms of future years. The advertised 4.5% increase in Councils Core Spending Power is completely reliant on Council Tax increases being made in full. Approximately 80% of the increase in Core Spending Power national for all authorities relies on this tax increase. Not taking advantage of this seriously hamstrings the Council's ability to balance its budget in the coming years of the Medium Term Financial Plan.

9.11 A sensitivity analysis and various forecasting scenarios which have supported this medium term forecast can be found at Appendix B.

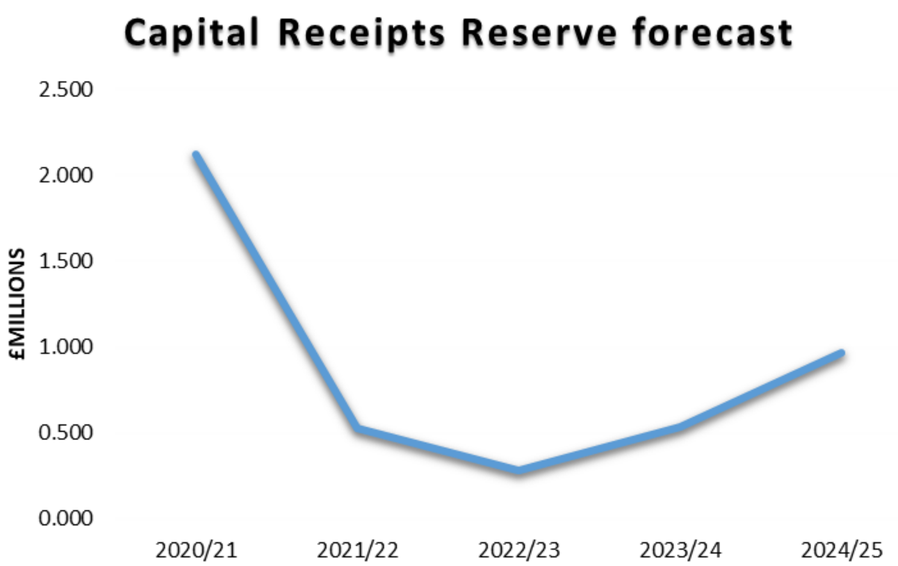
5 Strategy for closing future budget gaps

Savings Programme

5.1 A savings exercise was undertaken with officers and Members in November 2020. This identified several potential savings and initiatives to produce extra income. These items are now being reviewed by officers for feasibility. As part of this exercise, the Overview and Scrutiny Committee contributed ideas for savings and income generation. These are summarised at Appendix E, along with commentary on feasibility of implementation, next steps to be taken, and risks to implementation. It is important to note that none of these ideas have been agreed yet for implementation, they are in the investigation stage only. Cabinet may wish to consult more widely on the potential implementation of these proposals.

5.2 While many of these ideas are feasible, some represent significant Invest to Save projects (such as the acquisition of new car parks), and will require projects to be brought forward on a business case basis. It is not possible to say at this stage to put a figure to the income generating potential as it will depend on many variables which will not become apparent until individual projects come forward. The lead in time for these ideas due to the investment required is also likely to mean that implementation would not be possible until sometime during the 2022/23 financial year.

5.3 The authority has a dwindling level of capital receipts available to fund invest to save projects, although the Council does have some earmarked reserves (Asset Management Reserve, Capital Projects Reserve and, where appropriate, the Delivery Plan Reserve) which could be deployed to fund projects. Internal and External borrowing will be considered as part of a business case, but as both of these sources of borrowing put pressure on the Revenue budget in the form of interest payable and MRP, there would need to be an income stream sufficient to offset this for the project to be considered sustainable in the medium term.



5.4 As the long term effects of COVID on the services we deliver and the way we work as a team become apparent, there may be opportunities to create efficiencies through new ways of working.

Financial sustainability in the Corporate Plan

5.5 Financial sustainability is one of the six key themes within the Corporate Plan and is fundamental to this strategy and setting balanced budgets in future years. The Delivery Plan contains several projects within the Financial Sustainability work stream which aim to deliver a Medium Term Financial Plan which does not rely on the use of reserves to balance the budget. Over the next 9 months, officers will work to implement a new process of Zero Based Budgeting and undertake a fundamental review of fees and charges, to ensure we have full cost recovery. Zero Based Budgeting will also allow the budget to be built in a way which reflects corporate priorities.

5.6 The Council has a good track record in delivering savings. The previous savings programme commenced in 2016/17 and now delivers an annual saving of approximately £744k. Over the coming months, officers and Members will deliver a new programme of savings covering the years of the current Medium Term Financial Plan to allow us to work towards a balanced budget.

5.7 Central Government have provided financial assistance to Councils over the last 12 months due to pressures on income and expenditure relating to COVID 19. A total of £1.7m has been received to date in the 2020-21 financial year over four tranches of funding. There is likely to be a further impact due to COVID over the period of the Medium Term Financial Plan. Officers are hopeful that financial assistance will continue to be provided centrally, but should this not be forthcoming the Council would have to implement in-year savings or draw from Reserves to balance the budget. If the current situation regarding gatherings and social distancing remains in place, it is likely that there would be significant savings to be had on travel and subsistence, mileage and staff training, which could be offset partially against any in year funding gap. Any remaining gap would ultimately need to be met from Reserves, and contingency reserves are held for this purpose. The strategy will be to minimise the need to draw on Reserves in an unplanned way through maximising the opportunities discussed within this section of the report.

5.8 Managers will be asked to assess the impact of a 10% funding reduction across all services as part of the 2022-23 budget process.

Being “business-like”

5.9 There is an ever increasing need for Councils to take a more commercial and business-like approach to all elements of their business. Our ‘*Investing Approach’* is currently under development, the successful delivery and implementation of this strategy will ultimately require a step change in the way that the Council thinks, acts and works in the future.

5.10 A more commercial approach will directly support the Council’s objective of becoming financially sustainable for the future and will form part of the Delivery Plan for this key theme. Part of the strategy development process will involve the identification and prioritisation of a number of internal and external projects which will consider income generation, efficiency and doing things differently. The focus will be on making every pound count for our residents, improving efficiency, investment and increasing social value.

5.11 The Local Government Association (LGA) are encouraging Councils to move towards a more commercial culture as a way of developing sustainable self-funding streams that reflect Council’s individual priorities and place shaping aspirations. Consequently, the Council needs to think about how it can maximise revenue and efficiencies moving forwards – our '*Investing Approach'* is a key part of this in order to deliver managed change that is right for North Norfolk. Any strategy needs to be considered in the context of our key corporate objectives, flowing from the new Corporate Plan and giving consideration to Member aspirations, our geographical location and demographics.

Direct Property Investment

5.12 The Secretary of State for Housing, Communities and Local Government has raised concerns about Councils becoming directly invested in property for income generation purposes with taxpayers' money. It is his view that Councils do not have the expertise and resources to do this effectively, and are as such taking too great a risk with public funds. MHCLG guidance states that Councils should not borrow in advance of need to spend on service provision, and that taking on debt to fund property purchases, unless it is primarily for a service related objective, is not allowed. The recent change to the Public Works Loan Board's lending terms specifically excludes Councils that have 'debt for yield' projects in their Capital Programme from borrowing for any purpose. This significantly restricts the commercial activity of Councils and removes a key potential income stream.

5.13 A programme of asset valuations and condition surveys are currently underway which will help us better understand the costs of maintaining and improving our asset base over the medium to long term to ensure that it remains fit for purpose. Assets will be used to deliver a service benefit and deliver income for the Council where appropriate.

5.14 Further direct investment in property will be considered where there are additional benefits over and above income generation, such as regeneration and supporting the local economy or housing initiatives in line with guidance from MHCLG.

5.15 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 CCLA Local Authorities 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.

5.16 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 investment 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.

Shared Services, collaboration and selling services

5.17 It is possible that efficiencies could be achieved through joint procurement, shared service delivery and, where appropriate, selling services via arrangements such as East Law. Opportunities to do this will continue to be explored.

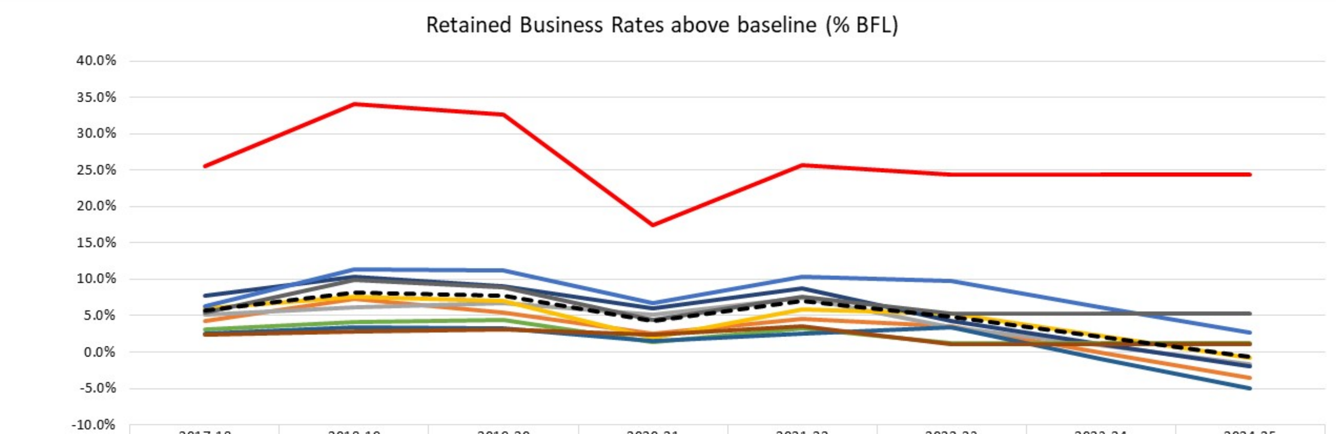
5.18 Identifying opportunities to work alongside other public sector partners and organisations to deliver services will continue, such as our successful partnerships with NCC Children's Services, the Early Help Hub and the DWP in terms of shared office space and the One Public Estate agenda.

Growing Business Rates and NHB

5.19 Under the previous allocation method of New Homes Bonus (NHB) there was a direct financial benefit to the Council from growth in homes through the NHB funding and through increasing the council tax base and additional income generated from council tax. Whilst new housing growth has an impact on the demand for local services, there will still be a net gain in terms of overall income for delivery while the NHB remains and subject to potential changes to the scheme. MHCLG seem committed to an incentive based scheme to promote house building, so it is possible that this will continue to be an important income stream for the Council, however, the benefit of the continuation of the scheme to North Norfolk will depend ultimately on how the scheme is developed.

5.20 For similar reasons growing the business rates base will have a direct impact on the level of business rates income retained locally. Equally, maintaining existing business rates remains a priority in that decline in business rates will reduce the amount of income retained.

5.21 Under the current Business Rates Retention Scheme, Shire District Councils keep a generous share of the above baseline growth. Retaining this under a new scheme will be an important request to make of MHCLG. The chart below shows the reliance of Shire Districts (SDs) on business rates compared to other types of authority.



	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
SD	25.5%	34.1%	32.6%	17.44%	25.712%	24.4%	24.4%	24.4%
OLB	4.3%	7.4%	5.4%	2.54%	4.538%	3.5%	-0.1%	-3.5%
MD	5.1%	6.2%	6.8%	5.07%	7.493%	3.4%	0.9%	-1.6%
UA	6.0%	7.7%	7.0%	1.95%	5.852%	5.4%	2.2%	-0.8%
UA - CCN	7.8%	10.4%	9.1%	6.03%	8.766%	4.3%	1.2%	-1.9%
ILB	6.3%	11.3%	11.2%	6.67%	10.305%	9.8%	6.2%	2.7%
CFA	3.1%	4.1%	4.4%	1.39%	3.249%	1.2%	1.2%	1.2%
SC	2.5%	3.4%	3.2%	1.56%	2.486%	3.5%	-0.9%	-5.0%
MF	2.4%	2.8%	3.1%	2.33%	3.488%	1.1%	1.1%	1.1%
GLA	5.5%	9.9%	9.0%	4.44%	7.654%	5.3%	5.3%	5.3%
England	5.8%	8.1%	7.7%	4.24%	6.959%	4.9%	2.1%	-0.6%

Council Tax

5.22 The increased flexibilities around council tax discounts and increases following the removal of the tax freeze grant in 2016/17 provides a further potential income stream.

Further review of the current level of discounts can also provide additional income, recommendations on the level of council tax discounts were reported in December 2020.

New opportunities

5.23 Given the current uncertainties around the economy as a whole and 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.

5.24 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 long term to rely on Reserves alone.

Lobbying and consultation

5.25 The Council will continue to lobby central government in terms of increased funding allocations and relaxation/increased flexibility in terms of the council tax referendum principles which will be one of the things required if income raising and decision making is ever to be truly local. We will also continue to respond to all relevant consultations, in particular at the present time on relation to the Business Rates and Fair Funding Reviews.

6 Financial Implications and Risks

6.1 A comprehensive financial risk assessment has been undertaken for the revenue and capital budget setting process to ensure that all risks and uncertainties affecting the Council's financial position are identified. These are reviewed each year as part of the refresh of both the MTFS and the budget. The key strategic financial risks to be considered in developing the budget for 2021/22 are included within the table below.

6.2 Medium term financial planning, set against a backdrop of severe reductions in Government funding, carries with it a significant element of risk. Many factors may impact on the figures presented here and themes have been highlighted where appropriate. Most significant are the potential revisions in Local Government finance policy, continual cuts to general grant and significant revisions to the New Homes Bonus and its ultimate replacement. Should there be a change in emphasis, particularly around the assessment of need (Fair Funding Review) and business rates funding, there may be further reductions compared with those presented within this report that would place further pressure on the council to deliver balanced budgets, without impacting on frontline services.

6.3 The long term effects of the COVID 19 pandemic are likely to negatively impact the Council's finances in many ways. Aside from the more obvious impacts regarding increased expenditure on community support and cleansing and reduced income in areas such as planning, car parking and trade waste, the end of the furlough scheme is likely to have longer term impacts on the ability of the Council to collect Council Tax and increase bad debts. Implications regarding increasing LCTS also reduces tax base growth for the next two to three years. Collectable Business Rates could be affected by businesses in the District failing due to social distancing measures and restrictions on opening. The extent and duration of restrictions in 2021/22 will be key to determining the size of the effect on the budget.

6.4 Beyond this, Government policy announcements can have large impacts on our finances. We will continue to monitor announcements from Government departments and work with service managers to assess any potential impact on the Council's services and budget.

6.5 Despite these risks, we will continue to plan effectively to strengthen our culture of strong financial management so that the Council can continue to meet its Corporate Plan priorities and provide the best possible services to the district. CIPFA's new Financial Management Code places a requirement on the Council to comply with a set a Financial Management Standards, by April 2022. The Council is currently working on an action plan to deliver this and build on its already positive culture of good financial management.

Risk	**Likelihood**	**Impact**	**Risk Management**
1. Future available resources less than assumed	Possible	High	Annual review of reserves and reserves policy to identify future resources. Assumptions on funding for 2021/22 and beyond are based on best estimates at this time. A prudent approach has been adopted based on previous years' experience as well as using regional network contacts to inform modelling.
2. Volatility of business rates funding given uncertainty around impact of appeals	Likely	High	Volatility of funding stream outside of council control but impact mitigated by establishment of specific earmarked reserve and financial monitoring framework. Modelling of potential impacts is used to inform internal financial planning. Unknown impacts of proposed additional reliefs for 2021/22.
3. Pay Awards, fee increases and price inflation higher than assumed	Possible	Medium	Impact of potential increases mitigated by central contingency budget for pay, price increases and care fees. Where pay awards have been agreed these will be factored into the future estimates.
4. Future spending plans underestimated	Possible	Medium	Service planning process identifies future budget pressures and these will inform the indicative budget forecasts. An effective budget monitoring framework is in place to identify in year and potential future cost pressures.
5. Anticipated savings/ efficiencies not achieved	Possible	High	Regular monitoring and reporting takes place but the size of the funding cuts increase the likelihood of this risk. Non-achievement of savings would require compensating reductions in planned spending within services. Greater scrutiny of savings has taken place since 2016/17 through the revenue monitoring process. History of delivery savings.

6. Revenue implications of capital programmes not fully anticipated	Unlikely	Low	Capital bid approval framework identifies revenue implications and links to Council priorities. Full analysis of revenue implications assessed and considered in scenario planning.
7. Income targets not achieved	Possible	Medium	Current economic climate likely to impact. Regular monitoring and reporting takes place. Full review of fees and charges scheduled for 2021/22 along with an annual review process.
8. Budget monitoring not effective	Unlikely	Medium	Regular monitoring and reporting in line with corporate framework. Action plans developed to address problem areas. Regular reports to Cabinet and to O&S. Track record of delivering budget and savings.
9. Exit strategies for external funding leasing/tapering not met	Possible	Medium	Regular monitoring and reporting. Government policy to remove ring fencing provides greater flexibility.
10. Loss of principal deposit	Unlikely	Medium	Limited by the controls in the Treasury Management Strategy which balance security of deposit over returns. Impact limited due to the strategy of a diverse portfolio with top rated institutions. It is the Council's policy to hold more volatile investments over a medium term time frame rather than using them for liquidity purposes, further reducing the risk that they will need to be sold at a price which represents a loss of principle.
11. Interest rates lower than expected	Unlikely	Low	Regular review, monitoring and reporting on interest rates. Prudent assumptions on likely interest rates for 2021/22 are incorporated into the budget. Interest rates are currently at historic lows; the likelihood of further reductions (or reductions into negative territory) remains low.
12. Collection rates for retained business rates and council tax lower than anticipated	Possible	High	Impact mitigated by the review of bad debt provisions and availability of reserves. Monitoring of Collection Fund is formally incorporated into the revenue monitoring process.
13. Financial budget impacts of the COVID 19 pandemic	Likely	Medium /High	Continue to work collaboratively with central government departments to monitor and forecast additional expenditure and reduced income caused by restrictions introduced to curb the transmission of COVID 19. It is not possible to predict exactly what restrictions will be in place during the 2021/22 financial year. If the national lockdown is in place past April, there is

			some risk to the budget figures. A prudent approach has been taken when forecasting income as part of the 2021/22 budget setting process.
14.Devolution/Unitary status –	Possible	Medium	Local Government reorganisation has been put on hold due to COVID 19. Officers and Members will keep a watching brief in respect of this but again at present no budgetary impact is being assumed.
15. All MTFS risks not adequately identified	Unlikely	Low	Council's Risk Management Framework ensures all operational and strategic risks are identified as part of the annual service planning process.

7 Conclusions

7.1 The Council is still currently projecting a deficit position from 2022/23 onwards. Forecasting the deficit allows the Council time to plan mitigating actions more effectively, meaning we are more likely to be successful without the need to rely on one-off funding from reserves.

7.2 It is still not clear how the various reviews will impact on local government funding, and these will have large impacts on the size of the future deficits. Section 10 of the report outlines the various opportunities we have to reduce the deficits. We do have the benefit of reserves should these be required to support and short term funding requirements.

7.3 Work will continue over the coming months to implement a process of Zero Based Budgeting, to ensure that the money the Council spends is deployed effectively and in support of the Corporate Plan objectives.

8 Sustainability

8.1 There are no sustainability issues as a direct consequence of this report.

9 Equality and Diversity

9.1 The Council is required to consider the equality duty in its decision-making and this includes the budget process. As part of any savings or investments the Council must consider how it can:

- Eliminate unlawful discrimination, harassment and victimisation;
- Advance equality of opportunity between different groups; and
- Foster good relations between different groups by tackling prejudice and promoting understanding.

9.2 There are no equality and diversity issues as a direct consequence of this report

10 Section 17 Crime and Disorder considerations

10.1 There are no crime and disorder considerations as a direct consequence of the report.

General Fund Summary 2021/22 Base Budget

2019/20 Actuals £	Service Area	2020/21 Base Budget £	2020/21 Updated Base Budget £	2021/22 Base Budget £	2022/23 Projection £	2023/24 Projection £	2024/25 Projection £
476,388	Corporate Leadership Team/Corporate	314,973	277,015	295,853	303,205	475,959	309,139
5,173,775	Community & Economic Development	4,456,448	4,728,178	4,974,582	4,537,117	4,401,285	3,664,303
726,739	Customer Services & ICT	769,811	912,091	735,221	1,040,801	1,050,660	1,055,473
4,855,952	Environmental Health	3,902,129	3,898,574	3,989,219	4,702,469	4,734,264	4,677,067
2,893,948	Finance and Assets	3,883,103	3,994,666	3,582,608	3,633,548	3,579,188	2,923,586
1,885,664	Legal and Democratic Services	1,606,069	1,637,068	1,788,830	1,814,309	1,822,282	1,845,963
2,743,779	Planning	2,379,017	2,270,404	2,454,181	2,636,457	2,528,944	2,532,596
18,756,245	**Net Cost of Services**	**17,311,550**	**17,717,996**	**17,820,494**	**18,667,906**	**18,592,582**	**17,008,127**
2,390,634	Parish Precepts	2,520,143	2,520,143	2,529,011	2,579,591	2,631,183	2,683,807
(1,793,786)	Capital Charges	(1,819,204)	(1,819,204)	(1,964,269)	(2,447,952)	(3,007,674)	(1,521,941)
(157,624)	Refcus	(842,667)	(842,667)	(977,167)	(777,167)	(300,000)	(300,000)
(1,234,833)	Interest Receivable	(1,310,977)	(1,310,977)	(1,014,929)	(1,120,671)	(1,120,923)	(1,207,725)
38,831	External Interest Paid	358,100	358,100	154,630	145,532	136,435	127,338
2,656,179	Revenue Financing for Capital:	4,892,728	3,399,967	614,741	477,167	0	0
	MRP - Waste Contract	0	0	744,000	744,000	744,000	744,000
(958,761)	IAS 19 Pension Adjustment	260,290	260,290	262,174	267,417	272,765	272,765
19,696,885	**Net Operating Expenditure**	**21,369,963**	**20,283,648**	**18,168,685**	**18,535,823**	**17,948,368**	**17,806,371**

2019/20 Actuals	Contributions to/(from) Earmarked Reserves:	2020/21 Base Budget	2020/21 Updated Base Budget	2021/22 Base Budget	2022/23 Projection	2023/24 Projection	2024/25 Projection
(1,176,214)	Capital Projects Reserve	(636,302)	(1,198,857)	0	0	0	0
(143,283)	Asset Management	(27,000)	(211,668)	(142,574)	(15,000)	(5,000)	0
(442,349)	Benefits	(253,801)	(284,800)	0	0	0	0
(1,000,000)	Broadband	0	0	0	0	0	0
21,053	Building Control	(44,441)	(44,441)	(28,876)	(28,906)	(28,906)	(28,906)
(363,720)	Business Rates Reserve	(27,068)	(157,058)	(18,000)	(18,000)	(18,000)	0
57,698	Coast Protection	(37,958)	(37,958)	(42,039)	0	0	0
(650,800)	Communities	(242,000)	(325,000)	(242,000)	(242,000)	0	0
0	Delivery Plan	2,379,266	2,355,706	(129,414)	(175,090)	(122,663)	(15,676)
(5,000)	Economic Development & Tourism	(10,000)	(10,000)	0	0	0	0
(120,000)	Elections	40,000	40,000	50,000	50,000	(110,000)	50,000
(24,381)	Enforcement Board	0	0	0	0	0	0
12,733	Environmental Health	0	0	0	0	0	0
72,368	Grants	(57,066)	(73,605)	(25,104)	(25,104)	(14,655)	0
(5,774)	Housing	(488,585)	(575,641)	(328,010)	(527,167)	0	0
19,246	Land Charges	0	0	0	0	0	0
67,428	Legal	(25,446)	(25,446)	(15,520)	0	0	0
(435,000)	LSVT	0	0	0	0	0	0
0	Major Repairs Reserve	0	0	89,859	280,000	280,000	280,000
(219,976)	New Homes Bonus Reserve	(225,460)	(25,773)	(97,471)	(120,000)	0	0
(45,434)	Organisational Development	(97,885)	(136,512)	(92,751)	(29,078)	0	0
(15,115)	Pathfinder	(20,500)	(20,500)	(21,627)	(3,417)	0	0
50,000	Planning Revenue	50,000	20,000	36,728	50,000	50,000	50,000
999,476	Property Investment Fund	(3,000,000)	(999,476)	0	0	0	0
(683,154)	Restructuring/Invest to save	(732,950)	(680,517)	(21,014)	0	0	0
(3,042)	Sports Facilities	0	0	0	0	0	0
53,839	Contribution to/(from) the General Reserve	(116,528)	(95,863)	(86,341)	(50,000)	(50,000)	0
15,717,484	**Amount to be met from Government Grant and Local Taxpayers**	**17,796,239**	**17,796,239**	**17,054,531**	**17,682,061**	**17,929,144**	**18,141,789**

2019/20 Actuals	Service Area	2020/21 Base Budget	2020/21 Updated Base Budget	2021/22 Base Budget	2022/23 Projection	2023/24 Projection	2024/25 Projection
(2,390,634)	Collection Fund – Parishes	(2,520,143)	(2,520,143)	(2,529,011)	(2,579,591)	(2,631,183)	(2,683,807)
(6,087,003)	Collection Fund – District	(6,305,671)	(6,305,671)	(6,456,213)	(6,718,024)	(6,974,884)	(7,268,406)
(5,995,311)	Retained Business Rates	(7,504,661)	(7,504,661)	(6,611,436)	(6,092,062)	(6,201,946)	(6,314,026)
0	Revenue Support Grant	(89,799)	(89,799)	(90,295)	0	0	0
(1,211,156)	New Homes bonus	(892,194)	(892,194)	(722,562)	(486,536)	0	0
0	Rural Services Delivery Grant	(483,771)	(483,771)	(507,661)	0	0	0
0	Lower Tier Services Grant	0	0	(137,353)	0	0	0
(33,380)	Non ring fenced Government Grants	0	0	0	0	0	0
(15,717,484)	**Income from Government Grant and Taxpayers**	**(17,796,239)**	**(17,796,239)**	**(17,054,531)**	**(15,876,213)**	**(15,808,013)**	**(16,266,239)**
0	**(Surplus)/Deficit**	**0**	**0**	**0**	**1,805,848**	**2,121,131**	**1,875,550**

Appendix B – Assumptions underpinning the Medium Term Financial Forecasts and Sensitivity Analysis

This Appendix sets out for each of the Council's external funding streams the assumptions made when preparing the medium term financial forecasts.

The central case, the case on which the current budget projections are based, is explained here, along with other alternatives considered. These central cases will be regularly reviewed in light of Government announcements and consultation responses, and are subject to change following those. An update will be provided when appropriate.

New Homes Bonus

Central Case – NHB will continue with one Year 11 payment (which attracts new legacy payments) in 2021/22 and a further two years of legacy payments in 2021/22 and 2022/23, and then finish.

Alternatives considered

1. The NHB could be discontinued after 2021/22. As there is no Spending Review in place covering the 2022/23 financial year, MHCLG technically do not have the budget in place to confirm that the NHB will continue for the final year of legacy payments in 2022/23. However, MHCLG have committed to these legacy payments, and we consider that there would be little appetite politically to stop these given how much Councils are relying on these payments to balance their budgets.

2. The NHB could continue for a further year into 2022/23. The scheme has already been extended twice as Local Government funding has been rolled over in one-year settlements, so there is a precedent for this. Previously Brexit negotiations and more recently the response to the COVID 19 pandemic had put plans for a new NHB system on hold. The likelihood of the NHB being extended for a further year is low, but if the energy of MHCLG is taken up by COVID in 2021/22 to the extent it was in 2020/21, this alternative becomes more probable. The timing of any consultation on a new system will give us clues as to how likely this will be. We have modelled the additional year's payment on the Year 11 payment to be received in 2021/22.

New Homes Bonus MTFP Scenarios					
	Financial Impact (£)				*Probability*
Scenario	2021/22	2022/23	2023/24	2024/25	*(%)*
Central Case	**(722,562)**	**(486,536)**	**0**	**0**	**80%**
Alternative 1	(722,562)	0	0	0	5%
Alternative 2	(722,562)	(615,536)	0	0	15%

Council Tax

Central Case – The District portion of the Council Tax will be increased by £4.95 in each year of the MTFP. The taxbase growth over the next three years will be reduced due to the impact of COVID, due to slower property additions, higher levels of LCTS and a higher rate of non-collection.

Alternatives considered

1. No increase in Council Tax charge. Members may decide in the wake of the COVID crisis not to increase the District element of the Council Tax charge. This would

increase our funding deficits in future years and unbalance the budget for 2021/22. This option has not been recommended by officers.

2. Council Tax charge is increased by £10. The District Councils Network have lobbied for several years to allow District Councils to raise their charge by £10 rather than £5, a reflection of the fact that for many Councils a £5 increase does not generate significant amounts of income. This option is not considered likely as it would require a change in referendum principles to allow the Council to do this without triggering a referendum.

3. The taxbase growth could exceed expectations and continue the trend of pre-COVID taxbase growth. This seems unlikely in the short term, with the furlough scheme set to end and growth in the economy anticipated by the IFS to be slow.

Council Tax MTFP Scenarios					
	Financial Impact				*Probability*
Scenario	2021/22	2022/23	2023/24	2024/25	*(%)*
Central Case	**(6,551,054)**	**(6,756,101)**	**(7,014,650)**	**(7,276,698)**	**70%**
Alternative 1	(6,421,552)	(6,598,464)	(6,780,163)	(6,967,149)	20%
Alternative 2	(6,551,054)	(6,819,806)	(7,147,560)	(7,484,487)	10%

Revenue Support Grant

Central Case – Revenue Support Grant will continue in 2021/22 and then disappear, replaced by Retained Business Rates and backed by new funding formulae as part of the Fair Funding Review.

Alternatives considered

1. RSG could continue, but MHCLG have committed to the Fair Funding Review and replacing generic grant funding with Retained Business Rates. The continuation of RSG is only likely in the case of a further single year settlement. At the current time, we are expecting a multi-year settlement from 2022/23 as per MHCLG's advice, so do not consider this option likely. If COVID delays the next Government Spending Review, then this alternative position becomes more likely.

Revenue Support Grant MTFP Scenarios					
	Financial Impact (£)				*Probability*
Scenario	2021/22	2022/23	2023/24	2024/25	*(%)*
Central Case	**(90,295)**	**0**	**0**	**0**	**85%**
Alternative 1	(90,295)	(90,295)	0	0	15%

Rural Services Delivery Grant

Central Case – Rural Services Delivery Grant will continue in 2021/22 and then disappear, replaced by Retained Business Rates and backed by new funding formulae as part of the Fair Funding Review.

Alternatives considered

1. RSDG could continue, but MHCLG have committed to the Fair Funding Review and replacing generic grant funding with Retained Business Rates. The continuation of RSG is only likely in the case of a further single year settlement. At the current time, we are expecting a multi-year settlement from 2022/23 as per MHCLG's advice, so

do not consider this option likely. If COVID delays the next Government Spending Review, then this alternative position becomes more likely.

Rural Services Delivery Grant MTFP Scenarios					
	Financial Impact (£)				*Probability*
Scenario	2021/22	2022/23	2023/24	2024/25	*(%)*
Central Case	**(507,661)**	**0**	**0**	**0**	**85%**
Alternative 1	(507,661)	(507,661)	0	0	15%

<u>Retained Business Rates</u>

Central Case – We are assuming there will be a full baseline reset in April 2022, and that each future baseline reset will be a partial one. Baseline resets act to redistribute above baseline growth, so high growth authorities (like District Councils) would do better from this system than one of full resets. The Government are keen to reward Councils for growing their rates base, so this seems a reasonable position to take.

We have used the 'spot' methodology for modelling baseline resets, and indexed rather than floating tariffs.

Alternatives considered

1. Floating tariffs could be used rather than indexed ones. This would return every authority back to baseline and generate a surplus across the Business Rates Retention Scheme. It is likely that this surplus would be redistributed back to the sector pro rata to Baseline Funding Level. This would effectively remove the financial incentive for authorities to grow their rates base and invest in their local economy, so we consider this an unlikely scenario.

2. Subsequent baseline resets could also be full resets rather than partial ones. This would cause some uncertainty around future funding levels, which is contrary to what MHCLG are trying to achieve. The sector have lobbied heavily against the implementation of full resets. For these reasons we think this scenario is unlikely.

The figures in this table represent payments projected from the damping mechanism and form part of the Business Rates Retention income on the General Fund Summary.

Retained Business Rates MTFP Scenarios					
	Financial Impact (£m)				*Probability*
Scenario	2021/22	2022/23	2023/24	2024/25	*(%)*
Central Case	**0.000**	**(1.328)**	**(0.417)**	**0.007**	**80**
Alternative 1	0.000	(0.321)	0.018	0.019	10
Alternative 2	0.000	(1.328)	(0.417)	0.007	10

<u>Fair Funding Implementation</u>

Central Case – We are expecting that there will be a damping system in place from April 2022 and the introduction of the Fair Funding Review which will phase in changes to funding levels. Some individual authorities and types of authority more generally stand to lose a significant portion of funding from this review, and bringing in these changes abruptly could cause a structural funding problem for those Councils. When the system was last reset, a damping mechanism was in place (and still is), so we consider this to be a reasonable assumption.

Alternatives considered

1. MHCLG may wish to move to the new funding allocations, as they will be ‘fairer’, more quickly, and not damp changes to funding formulae.

The figures in this table represent payments projected from the damping mechanism and form part of the Business Rates Retention income on the General Fund Summary.

Fair Funding Review MTFP Scenarios					
	Financial Impact (£m)				*Probability*
Scenario	2021/22	2022/23	2023/24	2024/25	*(%)*
Central Case	**0.000**	**(1.328)**	**(0.417)**	**0.007**	**90**
Alternative 1	0.000	0.000	0.000	0.000	10

Scheme	Scheme Total Current Estimate	Pre 31/3/20 Expenditure	Updated Budget 2020/21	Updated Budget 2021/22	Updated Budget 2022/23	Updated Budget 2023/24	Updated Budget 2024/25
	£			£	£	£	£
Boosting Business Sustainability and Growth							
Rocket House	**77,084**	37,465	0	39,619	0	0	0
Local Property Investment Fund	**1,000,000**	524	999,476	0	0	0	0
Property Investment Company	**0**	0	0	0	0	0	0
Purchase of New Car Park Vehicles	**60,000**	45,000	15,000	0	0	0	0
Deep History Coast	**869,777**	854,777	15,000	0	0	0	0
Fair Meadow House Improvements	**50,000**	16,650	33,350	0	0	0	0
Fair Meadow House Annexe	**55,000**	0	55,000	0	0	0	0
Collectors Cabin	**25,000**	933	24,067	0	0	0	0
Cornish Way	**170,000**	2,426	30,000	137,574	0	0	0
Fakenham Connect	**100,000**	332	99,668	0	0	0	0
Bacton Car Park	**60,000**	592	59,408	0	0	0	0
North Walsham Heritage Action Zone	**3,120,000**	175	471,325	1,477,750	863,500	307,250	0
Public Convenience Improvements	**600,000**	197,577	402,423	0	0	0	0
Unit 1 & 2, Surf Lifesaving School, Cromer Promenade	**55,000**	0	0	55,000	0	0	0
Purchase of Property Services Vehicles	**17,744**	0	0	0	0	0	0
Car Park Ticket Machine Replacement Programme	**275,000**	0	0	85,500	110,000	79,500	0
Weybourne Car Park Public Convenience	**16,000**	0	0	16,000	0	0	0
	6,550,605	**1,156,449**	**2,204,718**	**1,811,443**	**973,500**	**386,750**	**0**
Local Homes for Local Need							
Disabled Facilities Grants	**Annual programme**	**Annual programme**	992,094	1,000,000	1,000,000	0	0
Parkland Improvements	**100,000**	13,124	86,876	0	0	0	0
Compulsory Purchase of Long Term Empty Properties	**675,500**	490,677	184,823	0	0	0	0
Shannocks Hotel	**477,887**	53,152	424,735	0	0	0	0
Laundry Loke - Victory Housing	**100,000**	0	100,000	0	0	0	0
Community Housing Fund	**2,098,261**	574,384	569,543	477,167	477,167	0	0
Provision of Temporary Accommodation	**670,560**	173,613	496,947	0	0	0	0
Fakenham Extra Care	**215,500**	171,024	44,476	0	0	0	0
S106 Enabling	**1,400,000**	0	0	500,000	300,000	300,000	300,000
	5,737,708	**1,475,974**	**2,899,493**	**1,977,167**	**1,777,167**	**300,000**	**300,000**
Climate, Coast and the Environment							
Gypsy and Traveller Short Stay Stopping Facilities	**1,417,533**	1,388,576	28,957	0	0	0	0
Cromer Pier Structural Works - Phase 2	**1,378,549**	1,370,732	7,817	0	0	0	0
Cromer West Prom Chalets	**655**	655	0	0	0	0	0
Cromer Coast Protection Scheme	**8,822,001**	5,305,817	30,000	1,743,092	1,743,092	0	0
Coastal Erosion Assistance	**90,000**	41,203	48,797	0	0	0	0
Coastal Adaptations	**247,493**	0	247,493	0	0	0	0
Mundesley - Refurbishment of Coastal Defences	**3,221,000**	52,550	50,000	1,572,607	1,545,843	0	0
Cromer Pier - Steelworks and Improvements to Pavilion Theatre	**1,315,883**	1,215,883	100,000	0	0	0	0
Sea Palling Ramp	**10,000**	349	9,651	0	0	0	0
Bacton and Walcott Coastal Management Scheme	**21,784,866**	21,376,122	408,744	0	0	0	0
Replacement of Flood Gates at Cable Gap Bacton, The Ship Bacton & Walcott Post Office	**45,500**	0	45,500	0	0	0	0
	38,333,480	**30,751,887**	**976,959**	**3,315,699**	**3,288,935**	**0**	**0**
Quality of Life							
Holt Country Park Play Area	**52,000**	47,454	4,546	0	0	0	0
Steelwork Protection to Victory Pool and Fakenham Gym	**27,500**	33	0	27,467	0	0	0
Fakenham Gym	**62,500**	0	62,500	0	0	0	0
Splash Gym Equipment	**1,013,000**	376,698	636,302	0	0	0	0
North Walsham Artificial Grass Pitch	**860,000**	11,132	0	848,868	0	0	0

Scheme	Scheme Total Current Estimate	Pre 31/3/20 Expenditure	Updated Budget 2020/21	Updated Budget 2021/22	Updated Budget 2022/23	Updated Budget 2023/24	Updated Budget 2024/25
	£			£	£	£	£
Splash Leisure Centre Reprovision	**12,697,000**	2,829,974	5,867,287	3,999,739	0	0	0
Refurbishment of Chalets in Cromer and Sheringham	**101,000**	0	0	60,000	41,000	0	0
	14,813,001	**3,265,291**	**6,570,635**	**4,936,075**	**41,000**	**0**	**0**
Customer Focus and Financial Sustainability							
Administrative Buildings	**1,565,678**	1,515,678	50,000	0	0	0	0
Council Chamber and Committee Room Improvements	**89,000**	80,588	8,412	0	0	0	0
Environmental Health IT System Procurement	**150,090**	132,119	17,971	0	0	0	0
Purchase of Bins	**646,895**	406,895	80,000	80,000	80,000	0	0
User IT Hardware Refresh	**275,000**	106,622	58,378	55,000	55,000	0	0
Storage Hardware	**60,000**	42,433	17,567	0	0	0	0
Members IT	**65,000**	41,457	23,543	0	0	0	0
Back Scanning of Files	**200,000**	166,790	33,210	0	0	0	0
Electric Vehicle Charging Points	**248,600**	119,424	129,176	0	0	0	0
Waste vehicles	**4,500,000**	0	4,500,000	0	0	0	0
Housing Options System	**20,000**	650	19,350	0	0	0	0
Backup Network Upgrade	**14,000**	0	14,000	0	0	0	0
Cromer Office LED Lighting	**60,000**	0	0	60,000	0	0	0
Fire Wall Replacements	**36,000**	0	36,000	0	0	0	0
HR Information System - Implementation	**0**	0	0	0	0	0	0
Refurbishment of IT Training Room	**15,000**	0	15,000	0	0	0	0
Revenue & Benefits IT System Licences	**101,000**	0	101,000	0	0	0	0
Revenues & Benefits Civica (Open Revenues) System	**0**	0	0	0	0	0	0
Citizen App	**45,000**	0	45,000	0	0	0	0
Concerto Asset Management System	**25,000**	0	25,000	0	0	0	0
	8,116,264	**2,612,656**	**5,173,608**	**195,000**	**135,000**	**0**	**0**
TOTAL EXPENDITURE	**73,551,057**	**39,262,258**	**17,825,413**	**12,235,384**	**6,215,602**	**686,750**	**300,000**
Capital Programme Financing							
Grants			**2,533,592**	**5,096,449**	**4,762,435**	**209,750**	**0**
Affordable Housing Contributions							
Other Contributions			**0**	**500,000**	**300,000**	**300,000**	**300,000**
Asset Management Reserve			**184,668**	**137,574**	**0**	**0**	**0**
Revenue Contribution to Capital (RCCO)			**0**	**0**	**0**	**0**	**0**
Capital Project Reserve			**1,198,857**	**0**	**0**	**0**	**0**
Other Reserves			**2,016,442**	**477,167**	**477,167**	**0**	**0**
Capital Receipts			**2,524,567**	**2,024,454**	**676,000**	**177,000**	**0**
Internal / External Borrowing			**9,367,287**	**3,999,739**	**0**	**0**	**0**
TOTAL FINANCING			**17,825,413**	**12,235,384**	**6,215,602**	**686,750**	**300,000**

CAPITAL BIDS - 2021/22 to 2024/25 SUMMARY

APPENDIX C2

Bid Title	Perm or One off	Prepared by	Sponsor	Total Estimated Project Costs	Estimated Costs 2021/22	2022/23	2023/24	2024/25	Funding Already Identified	Total Additional Funding Requested as part of Capital Budget	Annual Revenue Costs / (Income)	Comments
Housing Strategy & Delivery												
S106 Enabling	P	Nicky Debbage/ Graham Connolly	Rob Young	**1,400,000**	500,000	300,000	300,000	300,000	1,400,000	0	0	Use of ring-fenced s106 commuted sums received in lieu of on-site affordable housing, to be used to enable affordable housing development.
Leisure & Locality Services												
Car Park Ticket Machine Replacement Programme	O	Maxine Collis	Steve Blatch	**275,000**	85,500	110,000	79,500	0	0	275,000	0	To replace between 39 and 45 ticket machines over a likely two year phased installation plan. The ticket machines have reached their expected life span with increasing breakdowns and repairs. In addition, the technology in our current machines is now obsolete.
Refurbishment of NNDC Chalets in Cromer and Sheringham	O	Karl Read	Steve Hems	**101,000**	60,000	41,000	0	0	0	101,000	200	A full condition survey was undertaken in 2019. In response to this survey, there is now an urgent need to undertake a full refurbishment programme and upgrade to all chalets internally and externally. This work was needed in 2020, however due to Covid the works were postponed, and so the need to refurbish is now even greater.
Property Services												
Weybourne Car Park Public Convenience	O	Russell Tanner	Duncan Ellis	**16,000**	16,000	0	0	0	0	16,000	5,300	Installation of a cubicle waterless toilet at Weybourne Car Park to enhance facilities for users of this site.
Total Capital Project Bids				**1,792,000**	**661,500**	**451,000**	**379,500**	**300,000**	**1,400,000**	**392,000**	**5,500**	
				392,000	To be funded from NNDC Resources							

	2021/22	2022/23	2023/24	2024/25
Potential Revenue Implications:				
Revenue Cost	2,750	5,500	5,500	5,500
Investment Income Reduction and Minimum Revenue Provision				
Total Estimated Revenue Impact	**2,750**	**5,500**	**5,500**	**5,500**

Appendix D

Reserves Statement 2021-22 onwards

Reserve	Purpose and Use of Reserve	Balance 01/04/20 £	Updated Budgeted Movement 2020/21 £	Committed but not allocated to Budgets 2020/21 £	Balance 01/04/21 £	Budgeted Movement 2021/22 £	Balance 01/04/22 £	Budgeted Movement 2022/23 £	Balance 01/04/23 £	Budgeted Movement 2023/24 £	Balance 01/04/24 £	Budgeted Movement 2024/25 £	Balance 01/04/25 £
General Fund - General Reserve	A working balance and contingency, current recommended balance is £1.9 million.	**2,404,127**	(95,863)	(9,000)	**2,299,264**	(86,341)	**2,212,923**	(50,000)	**2,162,923**	(50,000)	**2,112,923**	0	**2,112,923**
Earmarked Reserves:													
Capital Projects	To provide funding for capital developments and purchase of major assets. This includes the VAT Shelter Receipt.	**1,303,796**	(1,198,857)		**104,939**	0	**104,939**	0	**104,939**	0	**104,939**	0	**104,939**
Asset Management	To support improvements to our existing assets as identified through the Asset Management Plan.	**954,190**	(211,668)		**742,522**	(142,574)	**599,948**	(15,000)	**584,948**	(5,000)	**579,948**	0	**579,948**
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.	**897,959**	(284,800)		**613,159**	0	**613,159**	0	**613,159**	0	**613,159**	0	**613,159**
Building Control	Building Control surplus ring-fenced to cover any future deficits in the service.	**212,481**	(44,441)		**168,040**	(28,876)	**139,164**	(28,906)	**110,258**	(28,906)	**81,352**	(28,906)	**52,446**
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.	**2,074,708**	(157,058)		**1,917,650**	(18,000)	**1,899,650**	(18,000)	**1,881,650**	(18,000)	**1,863,650**	0	**1,863,650**
Coast Protection	To support the ongoing coast protection maintenance programme ands carry forward funding between financial years.	**238,293**	(37,958)		**200,335**	(42,039)	**158,296**	0	**158,296**	0	**158,296**	0	**158,296**
Communities	To support projects that communities identify where they will make a difference to the economic and social wellbeing of the area. Funded by a proportion of NCC element of second homes council tax.	**1,000,996**	(325,000)		**675,996**	(242,000)	**433,996**	(242,000)	**191,996**	0	**191,996**	0	**191,996**
Delivery Plan	To help achieve the outputs from the Corporate Plan and Delivery Plan.	**0**	2,355,706	(480,000)	**1,875,706**	(129,414)	**1,746,292**	(175,090)	**1,571,202**	(122,663)	**1,448,539**	(15,676)	**1,432,863**
Economic Development and Regeneration	Earmarked from previous underspends within Economic Development and Regeneration Budgets along with funding earmarked for Learning for Everyone.	**165,621**	(10,000)		**155,621**	0	**155,621**	0	**155,621**	0	**155,621**	0	**155,621**
Election Reserve	Established to meet costs associated with district council elections, to smooth the impact between financial years.	**3,000**	40,000		**43,000**	50,000	**93,000**	50,000	**143,000**	(110,000)	**33,000**	50,000	**83,000**
Enforcement Works	Established to meet costs associated with district council enforcement works including buildings at risk .	**112,973**	0	(7,872)	**105,101**	0	**105,101**	0	**105,101**	0	**105,101**	0	**105,101**
Environmental Health	Earmarking of previous underspends and additional income to meet Environmental Health initiatives.	**336,065**	(150,000)		**186,065**	0	**186,065**	0	**186,065**	0	**186,065**	0	**186,065**

Reserves Statement 2021-22 onwards

Reserve	Purpose and Use of Reserve	Balance 01/04/20	Updated Budgeted Movement 2020/21	Committed but not allocated to Budgets 2020/21	Balance 01/04/21	Budgeted Movement 2021/22	Balance 01/04/22	Budgeted Movement 2022/23	Balance 01/04/23	Budgeted Movement 2023/24	Balance 01/04/24	Budgeted Movement 2024/25	Balance 01/04/25
		£	£	£	£	£	£	£	£	£	£	£	£
Environment Reserve	To fund expenditure relating to the Council's Green Agenda.	**0**	150,000		**150,000**	0	**150,000**	0	**150,000**	0	**150,000**	0	**150,000**
Grants	Revenue Grants received and due to timing issues not used in the year.	**609,038**	(73,605)		**535,433**	(25,104)	**510,329**	(25,104)	**485,225**	(14,655)	**470,570**	0	**470,570**
Housing	Previously earmarked for stock condition survey and housing needs assessment. Also now contains the balance of the Housing Community Grant funding received in 2016/17.	**2,528,543**	(575,642)		**1,952,901**	(328,010)	**1,624,891**	(527,167)	**1,097,724**	0	**1,097,724**	0	**1,097,724**
Land Charges	To mitigate the impact of potential income reductions.	**308,526**	0		**308,526**	0	**308,526**	0	**308,526**	0	**308,526**	0	**308,526**
Legal	One off funding for Compulsory Purchase Order (CPO) work and East Law Surplus.	**196,119**	(25,446)		**170,673**	(15,520)	**155,153**	0	**155,153**	0	**155,153**	0	**155,153**
Major Repairs Reserve	To provide provison for the repair and maintenance of the councils asset portfolio.	**0**	0		**0**	89,859	**89,859**	280,000	**369,859**	280,000	**649,859**	280,000	**929,859**
New Homes Bonus (NHB)	Established for supporting communities with future growth and development and Plan review*	**292,207**	(25,773)		**266,434**	(97,471)	**168,963**	(120,000)	**48,963**	0	**48,963**	0	**48,963**
Organisational Development	To provide funding for organisation development to create capacity within the organisation, including the provision and support for apprenticeships and internships.	**269,041**	(136,512)		**132,529**	(92,751)	**39,778**	(29,078)	**10,700**	0	**10,700**	0	**10,700**
Pathfinder	To help Coastal Communities adapt to coastal changes.	**128,053**	(20,500)		**107,553**	(21,627)	**85,926**	(3,417)	**82,509**	0	**82,509**	0	**82,509**
Planning	Additional Planning income earmarked for Planning initiatives including Plan Review.	**159,684**	20,000		**179,684**	36,728	**216,412**	50,000	**266,412**	50,000	**316,412**	50,000	**366,412**
Property Investment Fund	To provide funding for the acquisition and development of new land and property assets	**999,476**	(999,476)		**0**	0	**0**	0	**0**	0	**0**	0	**0**
Property Company	To fund potetial housing development and property related schemes	**2,000,000**			**2,000,000**	0	**2,000,000**	0	**2,000,000**	0	**2,000,000**	0	**2,000,000**
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.	**1,669,383**	(680,516)		**988,867**	(21,014)	**967,853**	0	**967,853**	0	**967,853**	0	**967,853**
Sports Hall Equipment & Sports Facilities	To support renewals for sports hall equipment. Amount transferred in the year represents over or under achievement of income target.	**2,640**	0		**2,640**	0	**2,640**	0	**2,640**	0	**2,640**	0	**2,640**
Total Reserves		**18,866,917**	**(2,487,409)**	**(496,872)**	**15,882,636**	**(1,114,154)**	**14,768,482**	**(853,762)**	**13,914,720**	**(19,224)**	**13,895,496**	**335,418**	**14,230,914**

Appendix E – Savings Proposals generated by Overview and Scrutiny Committee November 2020

Proposal	**Feasibility and Constraints**	**Next Steps**	**Risks to implementation**
Planting trees as crops to generate income through sale of wood	Feasible to do under our current powers, but we are constrained in terms of the amount of Council land available to build up a large enough crop to make net income from. Needing to acquire land first would increase the payback period for this investment.	Investigate the potential of land already owned by the Council as a basis for generating a tree crop	No suitable land available Land available all outside the Councils currently available budget
Make use of Green Investment Bonds to raise funds	This is within the Councils current powers to do, but will require some research as to the level of administration required.	Explore option with Councils Treasury Management Advisor.	Lack of uptake by the public limiting funds available for the Council to use
Tourist tax	This would require a change in primary legislation to implement so is currently not feasible	Lobby Government as to the benefits of allowing a tourist tax to be implemented	Legislation is not changed meaning this remains impossible to achieve
Increase of parking fees on a seasonal basis in peak areas	This is within the Council's current powers to do, and could be used to target primarily tourist areas. A large rise in one year is not likely to generate local support.	Investigate the potential additional income from a selection of car parks charging more over the summer months	Reduced usage due to increased fees Local opposition from residents
Development of new Council car parks	The Council does not hold a large portfolio of land which is suitable for the development of new car parks, so would have to look at opportunities for acquiring land or acquiring ready-made car parks. This represents a significant financial barrier and would increase the payback period for the investment.	Investigate individual proposals for sites as they come forward	No suitable sites available Cost of site conversation prohibitive Competition with other car parks in the areas chosen No overall increase in visitor usage, just spreads usage around

Appendix E – Savings Proposals generated by Overview and Scrutiny Committee November 2020

Increasing use of PV panels, to potentially include use over car parks	Feasible on new car parks, but could be prohibitively expensive to install on existing car parks.	Business cases will come forward for individual sites if the payback period is acceptable.	Capital costs too high to make implementation in some areas affordable
Charging for Public Conveniences in high tourism areas	Currently not feasible as there is no infrastructure in place to allow charging. There is a possibility to install it, but would come with a capital cost	Assess costs of installing charging infrastructure and calculate payback period. This can be used to inform a policy decision on charging for some public conveniences.	Infrastructure costs may be high May increase 'toileting' in other areas to avoid a charge, creating clean-up costs and health and safety issues
Renting out of office space	Would possibly require condensing of staff within the building to provide areas which are rentable. Not feasible at the current time due to social distancing measures required in the office.	When social distancing eases, look at creating discrete areas of the office building capable of being rented out.	Office space not required for large tenants due to change in working practices following the COVID 19 pandemic Large numbers of smaller tenants is harder and more expensive to manage, so would reduce net income generated
Promotion of use of Council Parking Permits	Feasible, parking permits are already in place	Look at how promotion might best reach residents to achieve greater uptake	Additional advertising not effective
Sublet staff canteen area to a catering business	Space is available, but the lack of certainty around future footfall due to the potential impact of COVID on the way we work may make this proposal less attractive to businesses. Possibility that there would be capital costs upfront	Assess the needs of the workforce within the building and make approaches to businesses if appropriate	Uptake of site may be poor Rental achievable may be lower than hoped due to demand
Memorial forest/tree planting and benches	The space and land requirement for this could be prohibitive, but the idea is feasible providing	Investigate potential for land the Council already owns to support this, and what opportunities are	Maintenance of benches creating a strain on the revenue budget if not funded by initial contributions

	space could be acquired if needed.	available for land purchase if required. A business case showing a good payback period would be required if this route was chosen.	No land suitable for a price that makes this project economically viable Poor uptake undermining business case
Recruitment processes to be reviewed to reduce expenditure where possible	Greater access to working at home may increase the pool of candidates available for positions at the Council, reducing the need for multiple recruitment processes for a single post.	The new working practices of the Council post-COVID will be used to assess the viability of this.	Remote working does not have the desired effect on our pool of candidates.
Paperless working expanded to more areas to reduce stationary and postage costs	Feasible in some services, others may have a statutory requirement to maintain paper working in some form	Review into services to identify further efficiencies	All feasible material efficiencies may already have been discovered
Use the Council Chamber as a court to allow local people better access and generate rental income	Potentially feasible, may come with prohibitive security or scheduling requirements	Further investigation into feasibility to be undertaken	Rental income achieved is outweighed by costs of security and administration

Appendix F – SWOT Analysis of current Budget and MTFS position

Strengths	**Weaknesses**	**Opportunities**	**Threats**
• The Council have **skilled and experienced staff** needed to deliver the Corporate Plan objectives and a balanced budget • The Council has a **good track record of delivering savings** in line with a programme. Should this be required to balance the budget in the medium term, staff are in a good position to do this • The Council is part of **national benchmarking schemes** which allow best practice to be shared and trends in national pressures which might affect the Council to be identified early on	• **Financial Management** at the Council needs improving if we are to meet the criteria of CIPFA's Financial Management Code. A culture of good financial management across all levels is needed, and financial sustainability must be integrated into every decision made.	• **Local Government Reorganisation** may present opportunities to work differently and provide joined up services • **Changes in workforce habits** may reduce the need for office space, travel and subsistence costs, and increase our access to qualified individuals who live all over the country who may be more likely to apply for jobs at the Council if remote working is embraced • **Low interest rates** mean borrowing is relatively cheap. If invest to save projects are needed to close the MTFS deficits, borrowing could be a cost effective way of funding some of these.	• The one year **Spending Round in 2020** means funding from central sources is uncertain in the medium term. The Council is reliant on this funding to balance the budget each year • The **Fair Funding Review** has the potential to drastically reduce the Council's funding streams, if more money is diverted to problem areas such as social care. • The **Business Rates Retention Review** may result in the Council retaining less above baseline growth, an income stream we rely on to balance our budget • **Local Council Tax Support Schemes** are currently funded through RSG which is disappearing. This represents a financial burden for the Council. • **Workforce costs** such as pay inflation continue to put

			pressure on the Councils budget • **Temporary Accommodation** costs continue to be high. The Council is working to reduce these by increasing the source of in-house temporary accommodation. • The **COVID 19 pandemic** represents a threat not only directly due to increasing costs and decreasing income, but also impacting the local economy, businesses and tourism. It will be months before the long term impact of the pandemic on the Council's MTFS can be assessed fully. • **The UK's relationship with the EU** is still uncertain in places. EU funding programmes have historically funded many projects in the Local Government sector, and this funding will now not be available • **Inflation** rates are low currently, but the Bank of England target rate is 2%. A

			2% unfunded cost increase is significant in terms of impact • **Low Interest Rates** mean the Councils investment portfolio does not provide the same level of contribution to the budget as in previous years