Appendix A

Budget Setting Report and Financial Medium Term Plan 2025-26

This appendix is the combined budget estimates and medium term plan 2025-29. The medium term plan is the link between the Corporate Plan, which sets out the aims and ambitions agreed with our partners, and the medium term financial plan which provides a high-level assessment of the financial resources required to deliver our services. The plan also establishes a set of financial policies and principles which provide a sound basis for maintaining the financial integrity of the Council over the medium term.

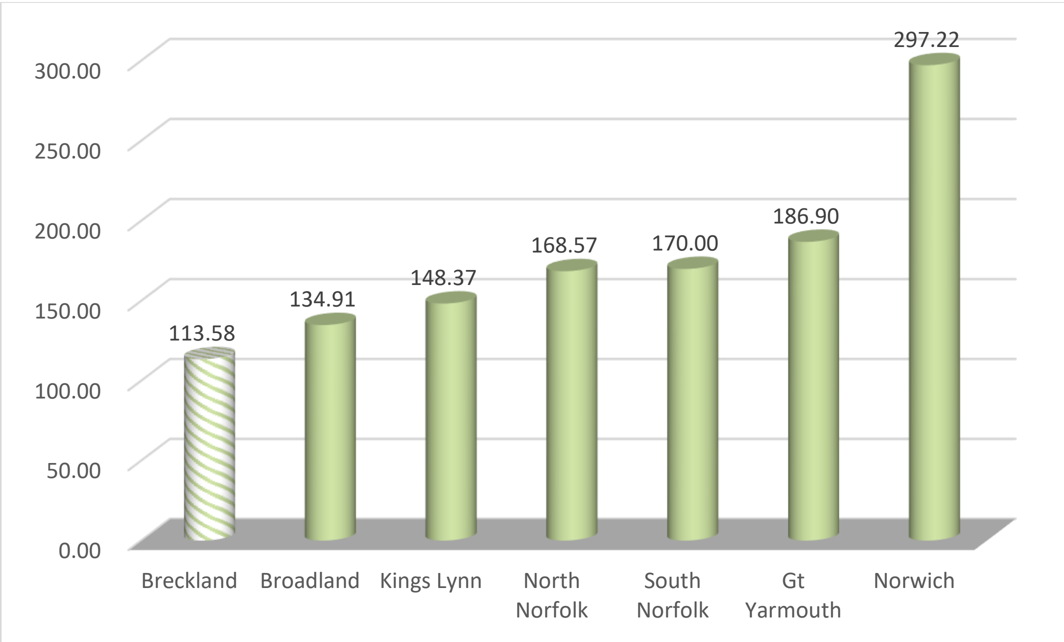
1. Budget Summary

The following table shows the headline figures relating to the budget estimates for 2025-26 compared to the 2024-25 position:

Description	2024-25	2025-26	Increase/ (Decrease)
Breckland precept requirement	£5,319,269	£5,652,708	£333,439
Council Tax Band D	£113.58	£118.53	£4.95
Retained NNDR (incl S31 grants)	£7,688,097	£7,844,581	£156,484
Retained NNDR – Renewable	£3,040,666	£3,034,308	(£6,358)
Other non-ring fenced grants	£1,903,088	£1,737,109	(£165,979)
New Homes Bonus (NHB)	£1,174,679	£1,138,804	(£35,875)
Special expenses account	£96,879	£100,875	£3,996

Of all the homes in the Breckland area, 75% are in bands A-C and 53% are in band A or B. Therefore the majority of homes will pay less than £2.03 a week towards the District services we provide.

The following chart shows the average Band D Council Tax levels (excluding parish precepts) for other Norfolk authorities in 2024-25.

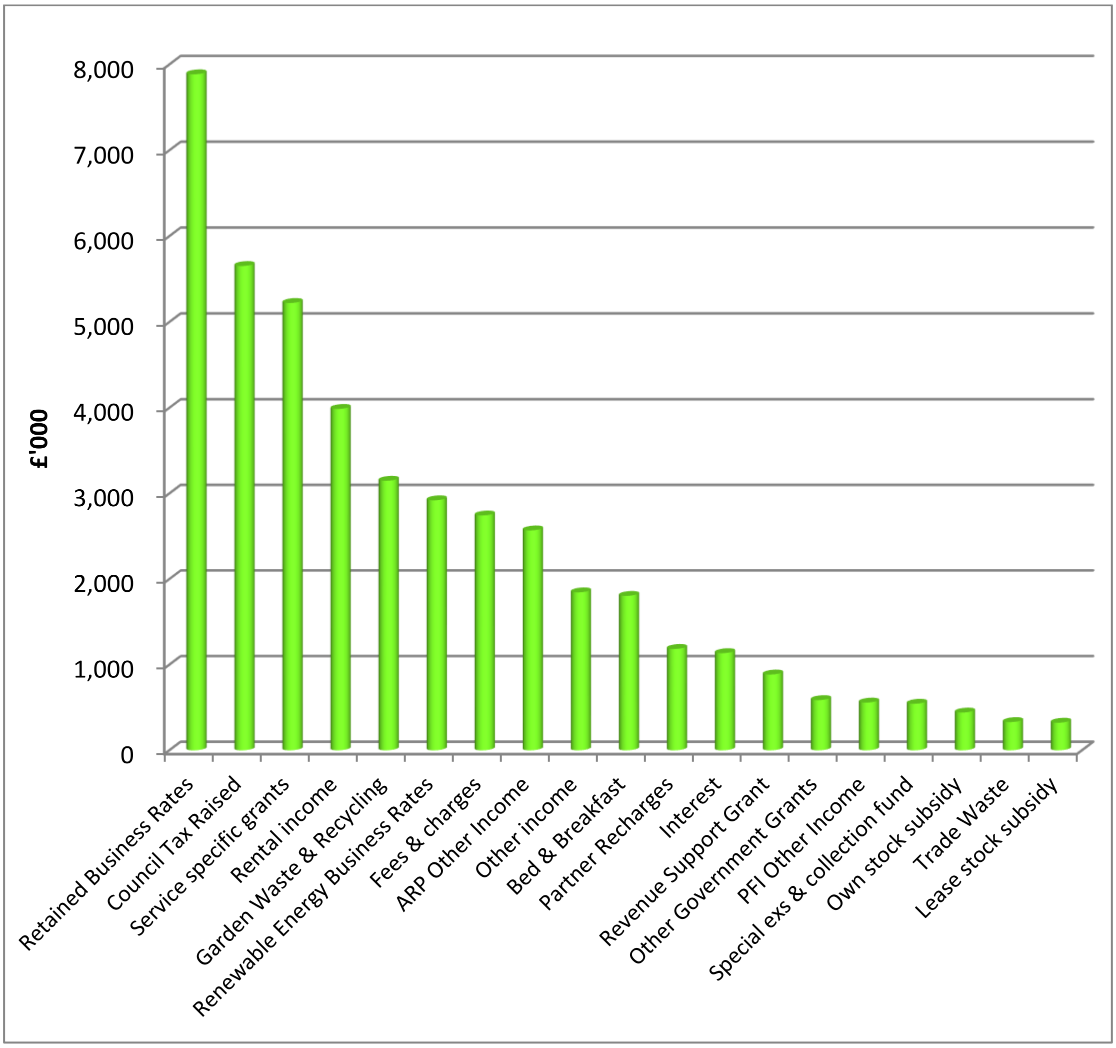


The following table details the Band D Council Tax levels for all precepting authorities over the last five years:

	Norfolk County Council £	Norfolk Police & Crime Comm. £	Breckland (Excl special expenses) £	Avge Parish £	Total £	Increase/ (Decrease) %
2021-22	1,472.94	278.01	98.73	97.19	1,946.87	4.1
2022-23	1,516.95	288.00	103.68	102.00	2,010.63	3.3
2023-24	1,592.64	302.94	108.63	108.37	2,112.58	5.1
2024-25	1,672.11	315.90	113.58	115.85	2,217.44	5.0
2025-26	1,755.63	329.85	£118.53	124.58	2,328.59	5.0

This budget provides for an annual council tax rise of £4.95 for 2025-26 and for the remainder of the medium term. Future levels will be considered each year as the Budget and Medium Term Plan are updated.

The council maximises its sources of funding to help keep the council tax at a low level. The chart below details the budgeted income sources for 2025-26.



Other income includes finance lease interest, efficiencies, NNDR administration income and other small value income.

2. 2025-26 Estimates

The table below shows the budget estimates for 2024-25 and 2025-26 by type of expenditure/income split over the standard CIPFA classifications. Notes explaining the major variances between the two years are given below the table. Full details of the overall position are shown at **appendix B**.

		2024-25 £	2025-26 £	Variance £	Variance %
1	Staffing Costs	15,307,434	18,201,183	2,893,749	18.9
2	Premises	1,823,808	1,725,047	(98,761)	(5.4)
3	Transport	210,954	302,987	92,033	43.6
4	Supplies & Services	21,406,133	19,119,976	(2,286,157)	(10.7)
	Drainage board levies	87,900	90,100	2,200	2.5
5	Transfer Payments	20,961,905	20,277,156	(684,749)	(3.4)
6	Support services	4,550,877	4,765,159	214,282	4.7
7	Capital charges	4,550,604	3,744,954	(805,650)	(17.7)
8	Capital financing	(3,684,476)	(890,056)	2,794,420	5.3
	Total Expenditure	**65,215,139**	**67,336,506**	**2,121,367**	
9	Rents/service charges	(3,818,604)	(3,988,004)	(169,400)	4.4
10	Fees and charges	(6,626,881)	(7,221,521)	(594,640)	9.0
11	Grants	(21,659,359)	(23,750,571)	(2,091,212)	9.7
	Other	(8,902,888)	(8,858,619)	44,268	(0.5)
	Total Income	**(41,007,732)**	**(43,818,715)**	**(2,810,983)**	
12	Evolve programme	(796,000)	-	796,000	
13	General Fund smoothing	500,000	46,942	(453,058)	
14	Less trading units	(4,511,277)	(4,751,949)	(240,672)	
	Budget Requirement	**19,400,130**	**18,812,784**	**(587,346)**	**(3.0)**

Notes:

1 – Circa £2.1m of this increase relates to the planning and building control services coming back in house as well as the cleaning staff becoming directly employed. These are alongside the usual increases to salary increments and the cost of living, partially offset by establishment savings in the evolve programme.

2 – Forecast utilities costs have seen a reduction compared to 2024-25, partly offset by rental costs for properties used for temporary accommodation (TA) in a move to reduce the overall TA costs.

3 – Increases because of the planning and building control services coming back in house.

4 – There is a combination of variances within this value, the main ones are reduced costs of circa £3m as a result of planning and building control services moving back in house, partly offset by increases in temporary accommodation costs of circa £200k and increased Materials Recycling Centre (MRF) gate fee costs of circa £450k.

5 – Transfer Payment costs are Housing Benefit payments. These have reduced as cases move across to Universal Credit (UC). We are left with the more complex claims such as temporary accommodation and are unable to reclaim the full cost of Benefits from the DWP leading to higher costs to Breckland once the costs and income are looked at together.

6 – Increased costs of the support service areas through annual pay changes, inflationary increases on contracts such as software and increases in cyber insurance costs.

7 – This reduction relates to the ending of the Rural England Prosperity Fund and the existing round of Shared Prosperity Fund which is grant funded. This is partially

offset by increased deprecation costs which reflects a higher number of assets (such as properties purchased for temporary accommodation). The capital programme changes are fully reversed within the capital financing (see note 7).
8 – Capital Financing costs reflect the appropriations to and from reserves and the reversal of the capital charges figures and accounting entries (see note 6). These are items such as depreciation which is not a real charge to the Council Tax payer. The major reduction in this line relates to the ending of the Rural England Prosperity Fund and the existing round of Shared Prosperity Fund.
9 – Rent reviews continue to be carried out to ensure rents reflect current market values and offset higher costs of delivery.
10 – This mainly relates to the increased costs of nightly paid temporary accommodation offset by housing benefit income. There are also increases in trade waste and garden waste income compared to the previous year.
11 – This variance mainly relates to the Extended Producer Responsibility (EPR) grant which is received in 2025-26 and will cover costs over a number of years.
12 – The Evolve programme is a range of projects investing over the next 2 - 3 years to generate income or savings which will help bridge the budget gap faced by the authority as a result of reduced funding and rising costs and demand. From 2025-26 these savings are included in the services lines rather than shown separately.
13 – Windfall one off income in 2024-25 from reduced NNDR appeals allowed us to replenish the General Fund, there is no further scope to do this in future years to the same levels.
14 – Please see note 6.

3. Funding Assumptions

Our budget planning continues to be undertaken in challenging circumstances with significant uncertainty. The UK Local Government sector is facing a range of complex challenges which are impacting the delivery of essential services. Like all local authorities, Breckland is influenced by national government policy, funding and spending announcements as well as the national economic picture seeing substantial pressures on residents and services due to the current economic challenges. The national funding environment for local government continues to be very uncertain as we do not yet know the overall parameters for local government spending over the remainder of this Parliament or the detail of the funding reforms planned for 2026-27. We are facing budget constraints through significant funding cuts, demographic changes and demand pressures in services such as temporary accommodation and waste services, alongside reduced income. Future changes to waste management and recycling will add cost pressures which are not yet fully quantified. All these factors result in higher costs and resource pressures for the Council.

The final Local Government Finance Settlement was announced on 3 February 2025 and included the following:

- Revenue Support Grant (RSG) increased by inflation
- Rural Services Delivery Grant (RSDG) removed in full (£642k loss)
- New Homes Bonus for one final year
- Services Grant removed in full (£22k loss)
- Funding Floor grant to replace the Funding Guarantee grant but reduced to 0% (after allowing for maximum council tax increases)
- A new recovery grant worth £411k for Breckland
- Continuation of the £5 or 3% maximum council tax increase principles
- A grant to support the additional costs of the employer NI rise for one year (which is circa £85k short of our actual costs)

Proposals for funding reform and the resetting of Business Rates are planned to take place from 2026-27. This budget makes some assumptions on the levels of funding following these reforms and assumes there is transitional protection over 3 years on a reducing basis. From 2026-27 the reforms are intended to build on previous proposals for the Fair Funding Review by directing funding based on an up to date assessment of need and local resources. An initial consultation on the principles and objectives of the proposed approach was launched on 18 December 2024 alongside the provisional Local Government Finance Settlement paper, a further consultation on the technical detail of the NNDR reset is expected early in 2025. Once further clarity is received on these changes, these will be incorporated into budget setting in future years.

The future unknown funding changes and complexity, results in a budget again with far higher levels of estimates than usual and therefore the actual budgets from 2026-27 onwards could be quite different to these estimates.

The Government announced in late November the funding for the Extended Producer Responsibility (EPR) scheme. This scheme relates to 'Simpler Recycling' and requires paper and card to be collected and sorted separately from other dry recyclables from businesses from April 2025 and from households from April 2026, unless it is not technically, environmentally, or economically practical (TEEP). The allocation for Breckland is £2.1m and whilst this is a large sum, the additional costs associated with this change are significant and the funding is a one off to cover multiple years. This budget proposes using this funding from 2024-25 for 3 years to cover: additional vehicles, cost of developing the re-route, rental costs for 3 years for additional fleet parking, short term staffing increases for implementation of the scheme, MRF gate fees increases, fleet vehicle improvements, Norfolk wide analysis work plus a set aside for contingency and food collection services.
No information has been provided yet on the funding for the changes to food waste collection from households from April 2026.

The retained business rates estimates are based on forecast amounts collectable as of December 2024, which are then adjusted for local knowledge (i.e. appeals, charitable relief, etc), uplifted by an inflationary increase to allow for the increase in business rates multiplier each year. The level of appeals for future years has been set based on the expected reduction resulting from the *Check-Challenge-Appeal* process, but this is open to risk of increase/decrease in all years. Business Rates remains an extremely volatile income source. Norfolk are continuing with a Business Rates pool in 2025-26 which means income from growth in NNDR is retained in Norfolk to support economic regeneration and will be distributed based on NNDR growth levels achieved.

The proposed NNDR reset in 2026-27 will reset our NNDR funding level to remove gains from growth and reduces the NNDR income to the Council by circa £2.2m. This reset will take place alongside funding reforms so the consolidated financial impact of both changes is significant, although still an estimate at this stage. The Council has mitigation funding set aside in reserve to cover the initial income loss from the NNDR reset whilst alternative savings can be found and this budget utilises £1,200k of this reserve funding over 2026-27 and 2027-28.

The new homes bonus (NHB) scheme has continued on a year by year basis for some years now. The provisional finance settlement confirms that 2025-26 will be the final year of the NHB with a consultation planned for next year. Whilst the NHB has increased this results in a reduction in the funding floor grant as the Government takes an overall approach to funding local authorities. Therefore this budget contributes £557k into the Inclusive Growth Reserve for investment in corporate priorities which is the same value as the draft budget set last year, the remaining £580k has been taken to the base budget to offset the lower grant income.

The table below shows the level of budgeted central grants and income.

	24-25 £'000	25-26 £'000	26-27 £'000	27-28 £'000	28-29 £'000
Revenue Support Grant	(870)	**(885)**	71	120	174
Retained Business Rates NDR	(2,754)	**(3,257)**	(3,063)	(3,317)	(3,654)
Retained NNDR - renewables	(3,041)	**(3,034)**	(3,234)	(3,300)	(3,373)
Funding reforms damping	-	**-**	(2,963)	(1,871)	(754)
S31 grants in lieu of NDR	(4,934)	**(4,587)**	(2,556)	(2,574)	(2,594)
Rural Services Delivery grant	(642)	**-**	-	-	-
New Homes Bonus (NHB)	(1,174)	**(1,138)**	-	-	-
Other one off Gov't grants	(390)	**(851)**	(163)	(163)	-
Total	(13,805)	**(13,755)**	(11,910)	(11,105)	(10,201)

4. Collection Fund

Each year the Council is required to calculate the balance on its Collection Fund and our target is to have a minimal balance.

Figures indicate a surplus for Council Tax of £1,239k in total and Breckland's share of this for 2025-26 would be £126k.

Figures indicate a surplus for Business Rates of £793k in total and Breckland's share of this for 2025-26 would be £317k.

5. Tax Base

The tax base for all parishes is shown at **appendix C**. This is based on the actual tax base as at October 2024.

6. Principles of Budget Preparation

The following principles have been used in the budget preparation process, in order to:

- Provide a consistent and authorised approach to the preparation of revenue and capital estimates.
- Ensure estimates are prepared in line with available resources.
- Ensure that estimates are prepared to reflect corporate priorities.
- Ensure a corporate approach is taken to re-allocation of resources to the areas most in need and reflecting the Councils priorities

Budget principles:

- Detailed working sheets are maintained for all budget headings and these are prepared by the budget manager, with the exception of *central* items.
- Central items are calculated by finance. The central items include: salaries, insurance, car allowances, support service recharges, capital accounting entries, interest paid and received, pensions, NI, special expenses, mobile phones, overtime, utilities, postages and Members allowances.
- The full effect of known pay awards is incorporated into the estimates and a provision made for future years, based on internally agreed assumptions (taking into account any Central Government or local policies).
- Staffing estimates are prepared on the basis of approved staffing levels as provided by Human Resources. These estimates include an allowance for employers NI, pension contributions and lump sum amounts.

- There will be no allowance for inflation, unless contractual or salary related.
- We seek to mitigate the impact on Council Tax from the consumption of capital resources. In effect all decisions should be made with the knowledge of the impact on investment income.
- We should seek additional scrutiny and challenge for accessing capital resources and ensure that the programme only reflects schemes that are sufficiently scoped to allow delivery.
- A review of fees and charges to ensure maximisation of income where consistent with policy.
- An acceptance that a viable budget was already created last year and we restate mid-year with ongoing changes forming the basis of future years estimates.
- To set a balanced budget with no long term dependency on general balances.
- To work towards a zero balance on the collection fund.
- Only the 2025-26 budget is formally approved, future years are indicative only for the purposes of medium term financial projections.
- That the revenues and benefits reserve is used to smooth the accounting impact of NNDR levy variances in one financial year offset by the surplus/deficit in the following financial year.
- Grants received for a specific purpose not fully spent by the end of a year will be held in reserve for spend in future years

7. Other Budget Assumptions

The budget estimates and medium term plan cover the period 2025-26 to 2028-29, over this timescale it is important that we make realistic assumptions as to how costs rise or fall. This section details the key assumptions made.

The key assumptions used are:

- Revenue budgets will be used to deliver services during the year for which they are approved.
- We will allow for unavoidable growth on services (i.e. new statutory obligations, agreed service enhancements and contractual inflation) but will not allow any general increases.
- Estimates are prepared on the understanding that appropriate service budgets were produced for the previous year which will then be adjusted to reflect the changing circumstances that we are required to prepare for.

The key assumptions made for the setting of these budget estimates, which influence the five year financial plan are as follows:

	24-25	**25-26**	**26-27**	**27-28**	**28-29**
Cost of living increase	2.00%	**2.50%**	2.00%	2.00%	2.00%
Staffing salary level	96%	**96%**	96%	96%	96%
ARP cost of living increase	3.00%	**2.50%**	2.00%	2.00%	2.00%
ARP staffing salary level	97.5%	**97.5%**	97.5%	97.5%	97.5%
Pension lump sum cont’n	£1,819k	**£2,105k**	£2,105k	£2,105k	£2,105k
Ret’n on cash investments	4.50%	**3.98%**	3.59%	3.41%	3.21%
RPI (HMT forecasts)	4.4%	**2.9%**	2.8%	3.2%	3.1%
CPI (HMT forecasts)	3.1%	**2.2%**	2.2%	2.4%	2.3%
Tax base	46,832.8	**47,690.1**	47,989.1	48,288.1	48,587.1

Details on the grant settlement and assumptions made are shown in section 3.

8. Future Developments

The following are areas which are currently under development or consultation which are likely to have an impact on the budget, but there is currently insufficient detail to include these in the main budget.

The ongoing impact from the economic climate, war in Ukraine and the change in Government on businesses and residents cannot be forecast with any certainty. This budget aims to take a balanced approach using mid-range estimates.

The Environment Bill proposes changes to the way which waste services operate and are charged for. This budget includes some estimated costs for the EPR scheme for the first 3 years, but for all future waste changes such as food waste and the deposit return scheme (DRS) the budget assumes all changes are covered from new burdens funding during this medium term financial plan as there is insufficient information on requirements and funding to make realistic assumptions for budgeting.

9. Strategy, Aspirations and Forward Projections

The Council's financial medium term strategy is shown below:

1) To manage a budget process that will make progress in re-directing and focusing the budget on corporate priorities and in doing so, recognise the intrinsic link between this strategy and the Capital Strategy and the Treasury Management strategy.
2) Adopt a corporate approach to budget preparation and continue to provide strong timely budget control.
3) Use sound modern financial systems procedures and principles and promote digital record keeping and approval processes. Ensure financial performance reporting remains integrated with other corporate performance.
4) Ensure there is a scrutiny of the financial planning process and a consultation process to engage the public and stakeholders.
5) Maintain balances and reserves that will provide for known risks and liabilities and provide capacity for managing peaks in expenditure.
6) Operate strategies on capital and external funding that supports the Council's corporate objectives and that supports the targets of any partners.
7) Undertake a risk assessment of material items of income and expenditure and set the budget on the best available estimates.
8) Manage and use our resources to deliver value for money and better sustainable outcomes for residents.
9) Aim for a nil balance on the Collection Fund.
10) Prepare robust and realistic income and resource requirement plans for the next four years.
11) Promote take up of benefits and reliefs.
12) Maximise income collection and grant funding.
13) Recognise our role in the community by providing assistance to individuals, groups and businesses where possible.

These strategies will be achieved through the working practices set by the relevant departments. The effectiveness of these strategies and the underlying principles can be monitored by key outputs such as:

- Annual audit letter
- Governance and Audit Committee reports
- Annual Governance Statement (AGS)
- Grants returns submitted to deadlines
- Governance and performance reports

Section 16 details the planned savings from the evolve programme over the medium term in order to balance the budget and support our corporate priorities.

10. 2024-25 Outturn

An assessment of the 2024-25 out turn will partly inform the reliance we can place on the baseline we use for setting the 2025-26 estimates, with some adjustments for inflation related costs/income. In preparing the budgets for 2025-26 services have reflected known on-going pressures and efficiencies in their new budget estimates.

11. Budget Requirement and Forward Estimates

Outline estimates through to 2028-29 are shown in **appendix B**. In compiling these figures we have followed the assumptions shown in sections 3 and 7 of this appendix and made specific adjustments to service budgets as and where budget holders have advised of a change over the medium term.

Our Evolve programme was introduced to help bridge the budget gap in future years. Progress against these targets are reported regularly through our quarterly financial performance report to Cabinet and to Overview and Scrutiny. The proposed values in this budget are:

	2025-26	2026-27	2027-28	2028-29
Income generation	£209k	£561k	£902k	£952k
Contract changes	£200k	£245k	£345k	£345k
New ways of working	£490k	£829k	£1,381k	£2,081k
To be identified	-	-	£993k	£2,709k

The areas to be identified will be worked on over the coming year and the value will be refined once further detail is available on the funding reforms.

The special expenses charge shown in **appendix B** is made for the maintenance of footway lighting in Dereham, Thetford and Watton. This is in addition to the precept raised by the Council across the district. Attleborough and Swaffham have elected to be recharged directly for their footway lighting costs, so it forms part of their own precept. These expenses are shown in the table below. Other parish councils maintain their own footpath lighting requirements and therefore manage this cost through their own precept.

	Dereham	Thetford	Watton	Attlebo-rough	Swaff-ham
Special Expense	£12,373.00	£55,881.29	£23,787.61	-	-
2025-26 tax base	6,035.9	6,830.0	2,995.1	-	-
2025-26 Band D	£2.05	£8.18	£7.94	-	-
Direct charge 25-26	-	-	-	£25,797	£21,576

12. Fees and Charges

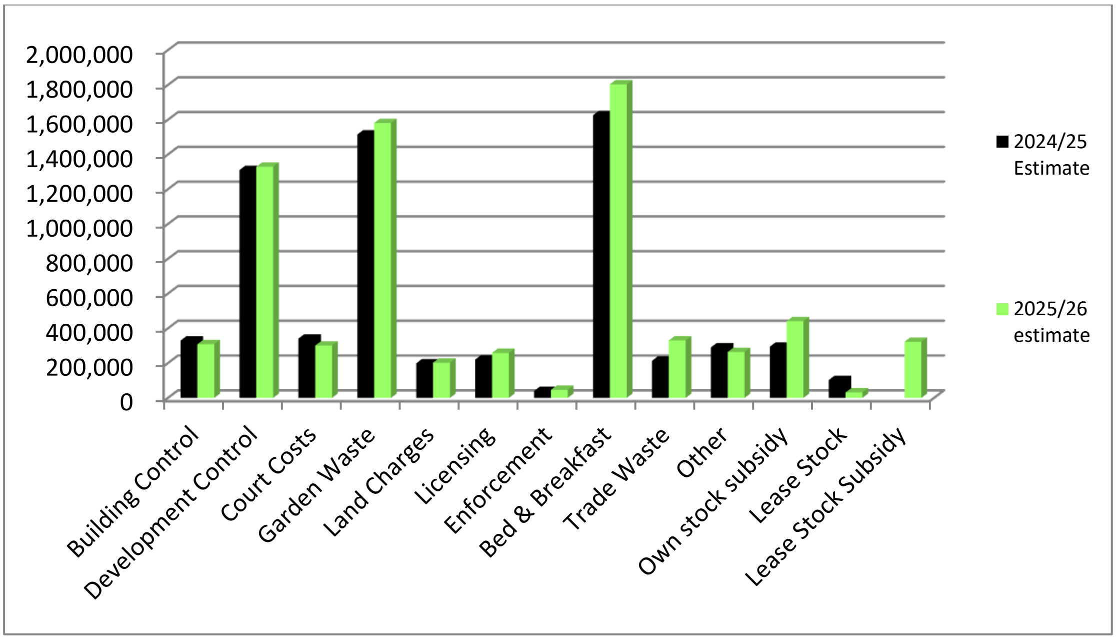
Income from fees and charges is an important source of revenue income for the Council. Charges have a central role to play in service delivery, raising income, controlling access, responding to competition, funding investment and affecting public behaviour.

As part of our overall income strategy we will seek to:

- Maximise the return from the Council's asset holdings.
- Ensure that the yield from fees and charges matches the increase in base budget for services that levy fees and charges, otherwise the shortfall will fall upon the Council Tax payer.
- Annually review fees and charges for discretionary services.
- Ensure that statutory charges are implemented.
- Treat windfall income as a corporate resource.
- Use enforcement remedies effectively.
- Seek to minimise benefit subsidy losses.

Fees and charges have been reviewed and changes made where necessary to the levels levied. Demand for services has also been reviewed and changes in demand have been reflected in the budgeted level of fees and charges income.
Appendix D and D1 details all the fees and charges and highlights the charges which are new or have changed since they were last approved.

In total £7,222k is due from fees and charges in the 2025-26 budget. The chart below shows the main categories of budgeted fee income in 2025-26 and 2024-25 for comparison.



Other fees and charges includes income such as water sampling, legal charges, new wheeled bins and bulky waste, amongst other smaller areas.

In addition to fees and charges the council has also invested over £48m in commercial properties. It uses the rent from these properties to support the delivery of front line services. Gross income from commercial property rent is estimated at £3,005k in 2025-26, excluding service charges, offices rental and finance lease adjustments (£3.0m in 2024-25).

13. Reserves and Balances

The authority carried out a review of its reserves and balances during 2024-25 and the finding and recommendations from this are incorporated into this budget.

Appendix E outlines the position statement on reserve balances. The proposed budget does not require any long-term support from reserve balances, however, the future of business rates retention and other financial risks has required us to undertake a sensitivity analysis should these events require us to draw on balances. Whilst these future risks could still be significant, our reserves still have available balances should we need to draw on them. Moving forward the General Fund balance is maintained above the minimum balance of £2,500k.

The following table give a summary of the general fund reserve movements:

General Fund	**24-25 £'000**	**25-26 £'000**	**26-27 £'000**	**27-28 £'000**	**28-29 £'000**
Brought forward	(2,500)	**(2,500)**	(2,547)	(2,561)	(2,561)
In	-	**(47)**	(14)	-	-
Out	-	**-**	-	-	-
Carried forward	(2,500)	**(2,547)**	(2,561)	(2,561)	(2,561)

These are the observations from the review of reserves for this budget:

- The organisational development reserve contains a low amount of unallocated funds, therefore, any general unallocated amounts and amounts no longer required in other reserves will be consolidated in the organisational development reserve to increase funds available. This reserve also includes specific contributions into reserve each year which will be used at a later date (i.e. elections).
- Sums are held in a Revenue & Benefits reserve to cover the potential pressures and/or timing pressures resulting from Housing Benefit. The reserve holds funds to cover early years of the NNDR reset and those are utilised in this budget. This reserve is also used to smooth the accounting effects of NNDR levy payments in one year offset by surplus in future years.
- The growth and investment fund will be used for projects which generate at least a 4% ongoing return, for example through either purchase or build of assets, to secure housing or business rates or employment growth generating income or other revenue saving projects.
- The inclusive growth reserve holds the new homes bonus funding and the balances will be allocated in each financial year for priority projects.
- Amounts relating to capital replacement/maintenance have been centralised into a major capital replacements reserve which contributes a small amount each year to the replacement of major items which cannot be capitalised.
- With the exception of the Inclusive Growth Reserve and capital replacement reserve, there are no budgeted plans to top up these reserves in future years, which will lead to difficulties in financing future projects unless grant funding is achieved. Each year this will be revisited with the aim to top up reserves for priority projects or capital spend where budget allows.

In setting the level of General Balances, consideration has been given to the adequacy of financial control, the overall financial position, medium-term financial plans and the strategic, operational and financial risks facing the Council. Following this review, it is proposed that the General Fund minimum balance remains set at a level of £2,500k.

14. Risk, Key Issues, Sensitivity and Monitoring

The Council must set a budget which is a realistic statement of its estimated income and expenditure for the coming year, based upon information currently available.
The Council has a duty to take into account the demand for its services and the effect on council tax payers of meeting those demands at varying levels of services. Given the good management practices and sound financial and performance monitoring delivered in the past, the Council has the platform and expertise to deliver a balanced budget. For full details on risks, please refer to our risk register and our quarterly risks reported to Governance and Audit committee.

The following table details the key budget risks and issues identified and how we intend to mitigate them:

Risk	**Likeli-hood**	**Impact**	**Mitigation**
Lack of clarity for funding levels from 2025-26	Medium	High	Budget set to provide best estimate & includes fair funding review and business rates reset.
The current levels of Housing Benefit Overpayments debt could be at risk following the transfer to Universal Credit	Medium	Medium	National lobbying is taking place on this matter
Reduced available capital funding meaning that borrowing will be required for future large projects	Medium	Medium	Continue to closely monitor the Council's CFR and communicate remaining balances to Members before decisions made. Use of revenue funding to support capital schemes where appropriate. Dis-investment in poorer performing assets to re-invest
The impact of Nutrient Neutrality reduces the number of homes built in the area, leading to reduced planning income and increased homelessness costs	Medium	Medium	Work with other Norfolk authorities and other partners (i.e. Homes England and Anglian Water) to create mitigations
Contractors for the Council facing financial hardship, going into administration or novating contracts to other suppliers	Medium	Medium	Contingency plans in place, financial checks for new contracts, wording in contracts to protect the Council from novation to alternative suppliers
Savings are not delivered to the expected time frames or new efficiencies are not identified.	Medium	Medium	Continued monitoring & reporting and evolve programme in place
Proposed Environment Bill changes to waste services creates significant financial pressures (if not fully funded)	Medium	Medium	Initial announcements made include new burdens funding to cover the additional costs.

Risk	Likeli-hood	Impact	Mitigation
Business rates retention scheme leaves Council exposed to reduced income from economic downturn or appeals	Medium	Low	Monitor throughout year & reserve created to help with potential initial pressures/timing pressures
The Deposit Return Scheme (DRS) could reduce our retained recycling income	Medium	Low	Continue to feed into consultations and monitor national situation
Risk that renewable energy NNDR income may not remain 100% retained by Breckland	Low	High	Continued monitoring and responding to consultations.
Inflation rises by more than budgeted projections (i.e. utilities, contracts, pay, etc)	Low	Medium	Budget assumptions kept up to date with most recent projections
Increased maintenance costs of ageing physical assets	Low	Medium	Asset management plan. Pro-active rather than reactive maintenance programme.
Extension of internal drainage board (IDB) activities increases drainage board levies beyond our control	Low	Medium	Liaison with IDB. Consider methods to smooth the effects of future costs

In addition to the risks identified above we have calculated a sensitivity analysis of our key variables in order to quantify the potential financial impact. These sensitivities are shown in **appendix F**.

15. Consultation, Timetable and Links to Other Strategies

The draft budget was put out to consultation to Cabinet, Overview & Scrutiny Commission and on the website, inviting commentary from key stakeholders. Feedback received from this consultation has been considered and where appropriate included in the final budget pages.

It is important to have clear and agreed timetables for the budget process so that statutory requirements are met. Each year a timetable is agreed with the corporate management team prior to the start of the process (i.e. around July each year).

The Council has adopted a corporate risk management strategy and financial risk management is integrated into the Council's overall management and decision making processes. This ensures a robust and well integrated risk management programme, which will help the Council to identify and manage key strategic risks facing it, in pursuit of its corporate objectives.

Our Performance Framework has been developed to manage delivery of the new priorities described in the councils Corporate Plan. The annual business planning process will run alongside the budget setting process to ensure an integrated approach of performance and finance and ensure that resources are made available to deliver the revised corporate plan.

16. Value for Money and the Efficiency Requirement

The significant and ongoing reductions in central funding for local authorities and uncertainty relating to future years funding has brought the value for money (VFM) issue to the forefront for all public services and all authorities are required to demonstrate VFM. VFM is more than simply cuts to services and/or budgets, it includes; innovation in service delivery, investment in technology and digitalisation, rationalisation of back office functions and organisational development. It is more important than ever that the tax payers in Breckland are receiving VFM and that funds are available to provide front-line services to the community while ensuring the impact on council tax is contained.

The current budget includes our Evolve programme to continually deliver efficiency and innovation throughout the medium term financial plan and our Digital team continue to focus on projects which create better customer experience and/or financial efficiencies.

17. Capital Estimates

The capital programme has been created to meet the priorities of the Council and has been adjusted this year to ensure deliverability without the need to borrow and within existing staff resources. The schemes and associated funding are set out in **appendix H**. Each scheme is supported by a capital bid form, formulated where appropriate after the consideration of options. The cash flow implications of all schemes and the impact on revenue have been included within the revenue budgets. The joint preparation of both a capital and revenue budget should ensure a sustainable position for the Council. Capital receipts and external funding are included where a decision has been made to dis-invest in an asset and where external funding is considered more than likely to be received. Our capital programme covers a 10 year period on a rolling basis which conforms with the CIPFA Prudential code for Capital finance.

The capital programme contains both annualised projects to be delivered in year and larger projects that will span more than one financial year. If a new project is to be included within the capital programme it must be more than an idea. As a minimum criterion, costs, timescales, funding agreements, governance arrangements, risks and outcomes will be clearly specified for all named projects.

Capital resources have diminished over time, the capital strategy details this position fully in section 5. The forecasts currently show that we have an underlying need to borrow from 2026 will utilise internal borrowing which is repaid through Minimum Revenue Provision (MRP). The scope for additional new investment is limited in the short term unless additional capital receipts or funding are generated. Prioritisation of capital projects in the future will be key to the best use of the Council's resources. Further borrowing will only take place after full consideration of the need for and the implications of such borrowing. The council would not undertake any un-supported borrowing whilst it still has reasonable capital receipt resources available.