

## Budget Setting Report and Financial Medium Term Plan 2024-25

This appendix is the combined budget estimates and medium term plan 2024-28. 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.

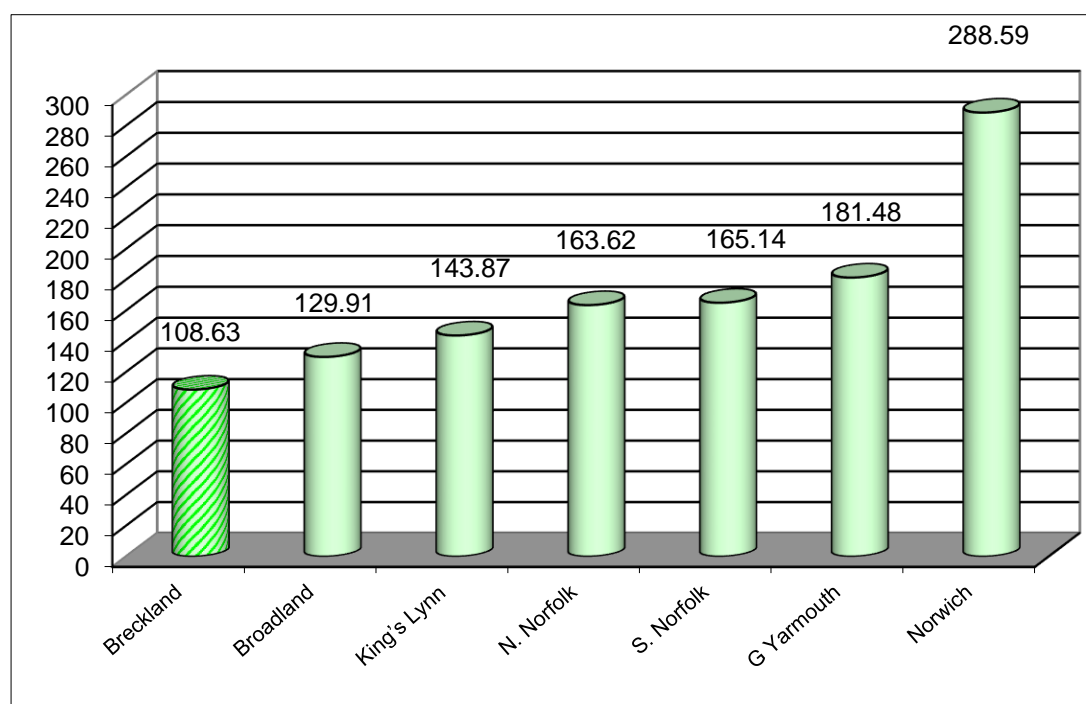
### 1. Budget Summary

The following table shows the headline figures relating to the budget estimates for 2024-25 compared to the 2023-24 position:

Description	2023-24	2024-25	Increase/ (Decrease)
Breckland precept requirement	£4,988,887	£5,319,269	£330,382
Council Tax Band D	£108.63	£113.58	£4.95
Retained NNDR (incl S31 grants)	£6,921,728	£7,688,097	£766,369
Retained NNDR – Renewable	£2,871,770	£3,040,666	£168,896
Other non-ring fenced grants	£2,132,177	£1,822,447	(£309,730)
New Homes Bonus (NHB)	£748,910	£1,174,679	£425,769
Special expenses account	£92,877	£96,879	£4,002

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 £1.94 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 2023-24.

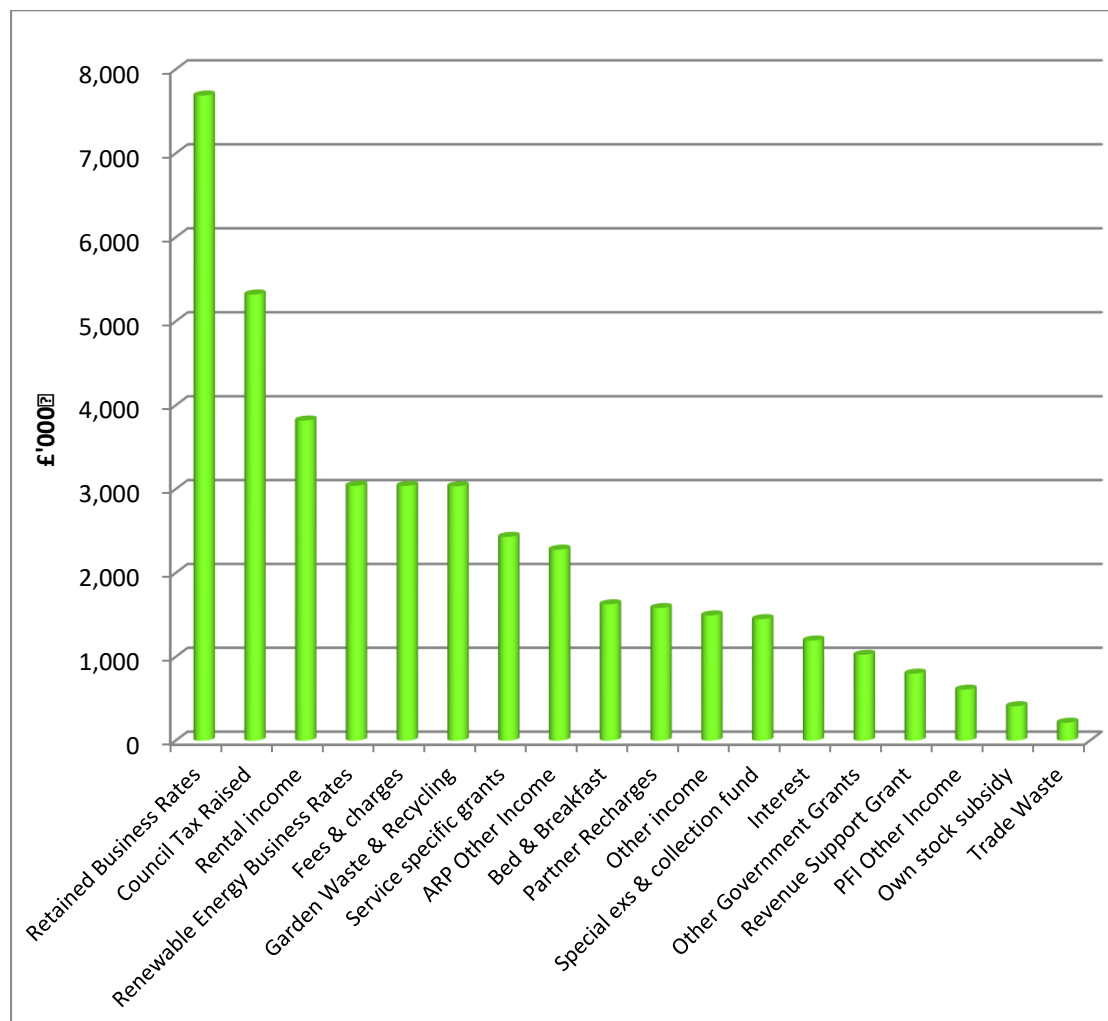


The following table details the Band D Council Tax levels for all precepting authorities over the last five years:

	<b>Norfolk County Council £</b>	<b>Norfolk Police &amp; Crime Comm. £</b>	<b>Breckland (Excl special expenses) £</b>	<b>Avg Parish £</b>	<b>Total £</b>	<b>Increase/ (Decrease) %</b>
2020-21	1,416.51	263.07	93.78	96.76	1,870.12	4.1
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		113.58			

This budget provides for an annual council tax rise of £4.95 for 2024-25 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 2024-25.



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

## 2. 2024-25 Estimates

The table below shows the budget estimates for 2023-24 and 2024-25 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**.

		2023-24 £	2024-25 £	Variance £	Variance %
1	Staffing Costs	14,290,772	15,307,434	1,016,662	7.1
2	Premises	1,605,479	1,823,808	218,329	13.6
	Transport	230,291	210,954	(19,337)	(8.4)
3	Supplies & Services	18,408,280	21,379,466	2,971,186	16.1
	Drainage board levies	85,000	87,000	2,000	2.4
4	Transfer Payments	20,091,656	20,962,805	871,149	4.3
5	Support services	4,214,912	4,550,877	335,965	8.0
6	Capital charges	2,909,814	4,550,604	1,640,790	56.4
7	Capital financing	(1,671,095)	(3,657,809)	(1,986,714)	(118.9)
	<b>Total Expenditure</b>	<b>60,165,109</b>	<b>65,215,139</b>	<b>5,050,030</b>	<b>8.4</b>
8	Rents/service charges	(3,616,196)	(3,818,604)	(202,408)	(5.6)
9	Fees and charges	(6,208,515)	(6,924,126)	(715,611)	(11.5)
10	Grants	(20,982,057)	(21,669,359)	(687,302)	(3.3)
	Other	(8,629,001)	(8,676,284)	(47,283)	(0.5)
	<b>Total Income</b>	<b>(39,435,769)</b>	<b>(41,088,373)</b>	<b>(1,652,604)</b>	<b>(4.2)</b>
11	Evolve programme	(150,000)	(796,000)	(646,000)	(430.7)
12	General Fund smoothing	244,661	500,000	255,339	104.4
13	Less trading units	(4,140,652)	(4,511,277)	(370,625)	(9.0)
	<b>Budget Requirement</b>	<b>16,683,349</b>	<b>19,319,489</b>	<b>2,636,140</b>	<b>15.8</b>

### Notes:

**1** – Circa half of the increase is due to salary increments and the cost of living plus additional pressures through the national pay award for ARP staff. The remainder of the increase is for resource funded from reserves or external funding.

**2** – Increased utilities costs as a result of inflationary rises continuing longer than expected.

**3** – There is a combination of variances within this value, continued higher demand on nightly paid temporary accommodation has increased costs by circa £750k, inflationary increases on contracts of circa £709k, PFI benchmarking increases of circa £400k, additional elections costs of £205k in 2024-25 and increased materials recycling costs. In addition there are other costs here which are fully funded by grant income or reserves such as housing rough sleeper initiatives and inspiring communities.

**4** – Transfer Payment costs are Housing Benefit payments. These have increased as demand for nightly paid temporary accommodation remains at an increased level combined with a reduction in cases moving across to Universal Credit (UC). We 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.

**5** – Increased costs of the support service areas through annual pay changes, inflationary increases on contracts such as software and increases in insurance costs (particularly cyber and public liability).

**6** – This variance relates to the Rural England Prosperity Fund and Shared Prosperity Fund which is grant funded. The capital programme changes are fully reversed within the capital financing (see note 7).

**7** – 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.

**8** – Rent reviews continue to be carried out to ensure rents reflect current market values and offset higher costs of delivery.

**9** – This mainly relates to the increased costs of nightly paid temporary accommodation offset by housing benefit income including subsidy on our own stock (see notes 3 and 4). However this increased income is offset by significantly reduced planning and building control income.

**10** – This variance mainly relates to income which offsets higher costs elsewhere such as elections.

**11** – The Evolve programme is a range of projects which will invest over the next 2 to 3 years in order 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.

**12** – Windfall one off income in 2024-25 from reduced NNDR appeals has allowed us to replenish the General Fund from its minimum balance to offset the reduction in previous years.

**13** – Please see note 5.

### **3. Funding Assumptions**

Once again our budget planning is being undertaken in challenging circumstances with significant uncertainty continuing. Like all Local Authorities, Breckland is influenced by national government policy, funding and spending announcements as well as the national picture seeing substantial pressures on residents and services due to the current cost of living challenges. Demand for services such as temporary accommodation and within the ARP is higher than ever been seen before, alongside inflationary and utilities cost pressures and reduced income from areas such as planning as a result of economic downturns, which all results in higher costs and resource pressures for the Council.

The draft Local Government Finance Settlement was announced on 18 December 2023 and included the following:

- Revenue Support Grant (RSG) increased by CPI
- Rural Services Delivery Grant (RSDG) at same level as last year
- New Homes Bonus for another year
- Services Grant reduced compared to 2023-24 levels
- Continuation of the 3% Funding Guarantee for 2024-25

On 24 January 2024 additional funding was announced for Rural Services Delivery Grant and the Funding Guarantee was increased from 3% to 4%. Individual allocations by local authority have not yet been received.

There has been no further information on future funding changes (Fair funding Review), 75% retained business rates scheme and the business rates reset. This budget therefore assumes that these will not occur during this medium term financial plan as it is unlikely now due to the imminent timing of a general election next year. However there is a risk that the NNDR reset could occur independently of any wider funding review and if this occurs would reduce the Council's income by circa £1.2m to £1.5m per year.

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 2025-26 onwards could be quite different to these estimates.

The retained business rates estimates are based on forecast amounts collectable as of December 2023, 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 and for this year updated for the latest national revaluation and transitional reliefs. The level of appeals for future years has been set based on the expected reduction resulting from the new *Check-Challenge-Appeal* process, but this is open to risk of increase/decrease in all years. Business Rates remains an extremely volatile income source and even more so since the longer term effects of the Covid pandemic on our businesses is not known. Norfolk are continuing with a Business Rates pool in 2024-25 which means income from growth in NNDR is retained in Norfolk to support economic regeneration and will be distributed on the same basis as the current MoU.

The new homes bonus (NHB) scheme was altered in previous years, significantly reducing the amount of reward funding provided to councils. The Government carried out consultation on the future of this scheme in early 2021, but no changes have been announced at the time of this report. Due to the uncertainty of the future of NHB our budgets assume this is only received for 2024-25 and 2025-26 and all allocations will be contributed into an Inclusive Growth Reserve to fund corporate priorities.

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

	23-24 £'000	24-25 £'000	25-26 £'000	26-27 £'000	27-28 £'000
Revenue Support Grant	(749)	(799)	(824)	(841)	(857)
Retained Business Rates NDR	(2,361)	(2,754)	(4,349)	(4,320)	(4,692)
Retained NNDR - renewables	(2,872)	(3,041)	(3,101)	(3,307)	(3,377)
S31 grants in lieu of NDR	(4,561)	(4,934)	(3,724)	(4,032)	(4,095)
Rural Services Delivery grant	(554)	(642)	(642)	(642)	(642)
New Homes Bonus (NHB)	(749)	(1,174)	(557)	-	-
Other one off Gov't grants	(829)	(381)	(160)	(159)	(160)
<b>Total</b>	<b>(12,675)</b>	<b>(13,725)</b>	<b>(13,357)</b>	<b>(13,301)</b>	<b>(13,823)</b>

#### **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 £754k in total and Breckland's share of this for 2024-25 would be £78k.

Figures indicate a surplus for Business Rates of £3,185k in total and Breckland's share of this for 2024-25 would be £1,274k. This is significantly higher than usual as a result of lower than expected appeals against the 2017 Valuation list (closing date for Appeals was 31.03.2023)

#### **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 2023.

#### **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, superannuation 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 2024-25 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 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 2024-25 to 2027-28, 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 and contractual inflation) but will not allow any increase for general inflation.
- 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:

	<b>23-24</b>	<b>24-25</b>	<b>25-26</b>	<b>26-27</b>	<b>27-28</b>
Cost of living increase	3.00%	<b>2.00%</b>	2.00%	2.00%	2.00%
Staffing salary level	96%	<b>96%</b>	96%	96%	96%
ARP cost of living increase	3.00%	<b>3.00%</b>	2.00%	2.00%	2.00%
ARP staffing salary level	97.5%	<b>97.5%</b>	97.5%	97.5%	97.5%
Pension contribution rate	14%	<b>14%</b>	14%	14%	14%
Pension lump sum cont'n	£1,851k	<b>£1,819k</b>	£1,782k	£1,782k	£1,782k
Ret'n on cash investments	4.00%	<b>4.69%</b>	3.00%	2.75%	2.75%
RPI (HMT forecasts)	6.5%	<b>4.4%</b>	2.8%	2.7%	3.3%
CPI (HMT forecasts)		<b>3.1%</b>	2.0%	1.9%	2.1%
Tax base	45,925.5	<b>46,832.8</b>	47,131.8	47,430.8	47,729.8

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 general election 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 assumes all changes are covered from new burdens funding during this medium term financial plan and does not currently include any allowance for the extended producer responsibility (EPR) scheme as there is insufficient information on timing, 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. 2023-24 Outturn**

An assessment of the 2023-24 out turn will partly inform the reliance we can place on the baseline we use for setting the 2024-25 estimates, with some adjustments for inflation related costs/income. In preparing the budgets for 2024-25 services have reflected known on-going pressures and efficiencies in their new budget estimates.

### **11. Budget Requirement and Forward Estimates**

Outline estimates through to 2027-28 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 current levels are:

	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
Projects in progress	£169k	£215k	£215k	£215k
Evolve programme	£796k	£1,093k	£1,134k	£1,029k
To be identified	-	£307k	£266k	£371k

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.

	<b>Dereham</b>	<b>Thetford</b>	<b>Watton</b>	<b>Attleborough</b>	<b>Swaffham</b>
Special Expense	£13,667.49	£50,083.14	£24,295.03	-	-
2024-25 tax base	5,967.1	6,660.6	2,969.9	-	-
2024-25 Band D	£2.29	£7.52	£8.18	-	-
Direct charge 24-25	-	-	-	£33,263	£27,803



## **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.

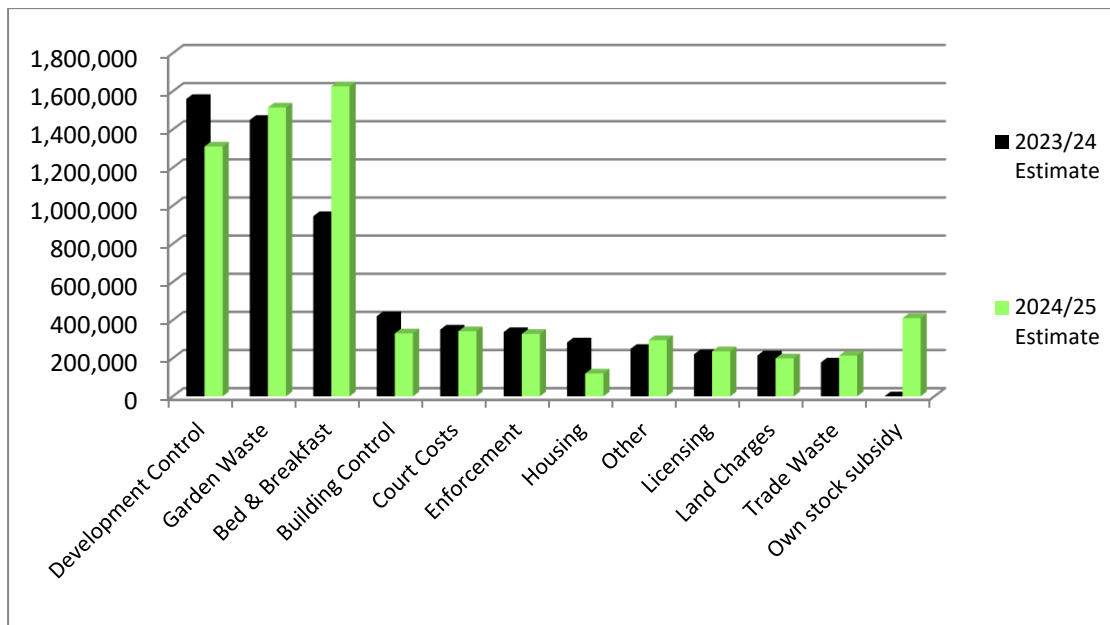
As part of our overall income strategy we will seek to:

- 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 D2** details all the fees and charges and highlights the charges which are new or have changed since they were last approved.

In total £6,924k is due from fees and charges in the 2024-25 budget. The chart below shows the main categories of budgeted fee income in 2024-25 and 2023-24 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 £46m 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 £2,961k in 2024-25, excluding service charges, offices rental and finance lease adjustments (£2.9m in 2023-24).

### **13. Reserves and Balances**

The authority carried out a review of its reserves and balances during 2023-24 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:

<b>General Fund</b>	<b>23-24 £'000</b>	<b>24-25 £'000</b>	<b>25-26 £'000</b>	<b>26-27 £'000</b>	<b>27-28 £'000</b>
Brought forward	(2,664)	(2,500)	(3,000)	(2,963)	(2,963)
In	-	(500)	-	-	-
Out	164	-	37	-	-
Carried forward	(2,500)	(3,000)	(2,963)	(2,963)	(2,963)

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

- The organisational development reserve contains a low amount of unallocated funds to use for invest to save initiatives that will drive revenue costs down. Therefore, any general unallocated amounts and amounts no longer required in other reserves have been 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 or business rates retention volatility. This reserve is also used to smooth the accounting effects of levy payments in one year offset by surplus in the future year.
- 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 or other revenue saving projects.
- A one off contribution of £250k in 2024-25 to the waste reserve in order to provide contingency for the Environment Bill future changes.
- 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, 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:

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation</b>
Business Rates reset occurs within medium term financial plan (or later)	Medium	High	Reserve in place to provide mitigation for one year. Continue to monitor Government announcements.
Lack of clarity for funding levels from 2025-26	Medium	Medium	Budget set to provide best estimate.
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

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation</b>
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
Proposed Environment Bill changes to waste services creates significant financial pressures (if not funded)	Low	Medium	Initial announcements made include new burdens funding to cover the additional costs.
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. Comments resulting from the public consultation included questions around service cuts, fees and charges levels and the value of budget gaps.

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 new CIPFA Prudential code for Capital finance published at the end of 2021.

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 and are currently utilising internal borrowing which is being repaid through Minimum Revenue Provision (MRP) mainly on the waste vehicles. 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.