

Cabinet Minutes, 9 February 2021 – Appendices A-F, Revenue Budget

APPENDIX A: REVENUE BUDGET REQUIREMENT 2021/22

	Pay £'000	Non Pay £'000	Income £'000	Net £'000	Prior Yr £'000
Resources / MD					
Corporate Costs (inc Pension lump sum payment)	120	1,144	0	1,264	1,064
COVID Support	0	662	-662	0	0
Finance	406	46	-2	450	539
Council Tax & NNDR	514	68	-249	333	366
Governance	337	719	-36	1,020	1,034
Facilities	139	542	-66	615	620
Human Resources	216	339	0	555	471
ICT & Digital	529	889	0	1,418	1,186
Executive Team	355	18	0	373	359
Chief of Staff	512	142	-12	642	593
	3,128	4,569	-1,027	6,670	6,232
Place					
Economic Growth	509	735	-185	1,059	907
Community & Environmental Protection	339	82	-47	374	421
Food, Safety & Licensing	232	32	-165	99	64
Planning	1,205	382	-1,231	356	304
Building Control	0	38	0	38	39
Business Support	366	53	-220	199	212
	2,651	1,322	-1,848	2,125	1,947
People & Communities					
Communities and Early Help	448	206	-75	579	497
Housing Standards & Independent Living	348	29	-88	289	375
Housing Benefit Payments	0	18,000	-18,060	-60	-190
Housing and Benefits	962	1,107	-1,615	454	811
Waste Services	374	5,831	-3,808	2,397	2,553
	2,132	25,173	-23,646	3,659	4,046
Net Cost of Services (Including HB)	7,911	31,064	-26,521	12,454	12,225
Net Cost of Services (Excluding HB)	7,911	13,064	-8,521	12,454	12,225
Investment Income				-346	-282
Interest Payable				0	75
Minimum Revenue Provision (to repay borrowing)				0	0
Internal Drainage Board Levy				260	252
Council Tax Deficit / (Surplus) - Offset by Covid Grant				-295	0
Transfers to / (from) Earmarked Reserves				133	30
Transfers to / (from) GF Balance				0	0
				12,206	12,300
Funded by					
Council Tax - District Element				6,062	5,828
Council Tax - Special Expenses				170	141
NNDR (Business Rates) - Baseline Income				2,876	2,876
NNDR (Business Rates) - Retained Growth				1,107	1,107
Lower Tier Services Grant				366	0
Other Government Grants				0	30
New Homes Bonus				1,625	2,318
				12,206	12,300

APPENDIX B: BUDGET MOVEMENTS

The main changes to the base budget are as shown in the table below.

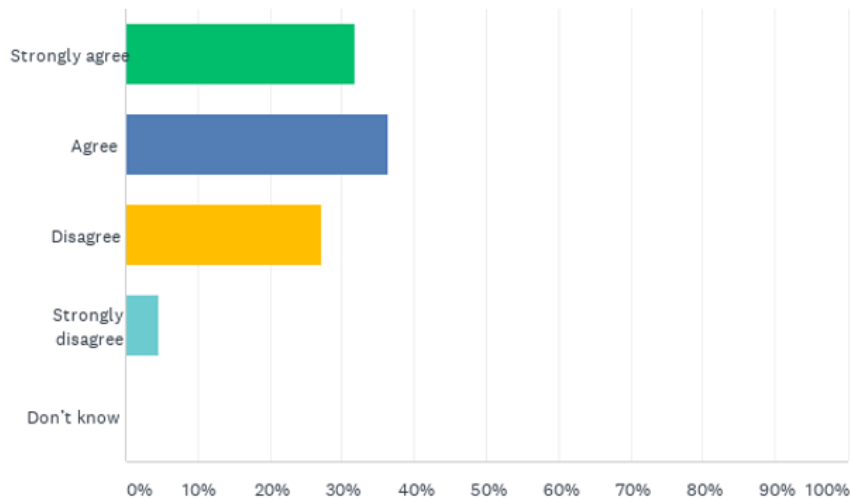
	£'000	£'000
Base Budget 2020/21		12,225
Inflationary Cost Pressures		140
Salary Related Changes		
Net change in salary costs	102	
Increase in pension payment for pension deficit £671k to £692k	21	
Total Reward & Recognition Scheme	60	183
Cost Pressures		
Governance – Increase in expected number of Internal Audit days	10	
Governance – Reflects actual Members allowances payable	17	
HR – To ensure training budget allows £500 for each officer / member	48	
HR – Never previously budgeted for apprentice levy	30	
ICT & Digital – Software licenses eg Microsoft Mobility Suite and O365	85	
ICT & Digital – Allowance for additional upgrades	50	
ICT & Digital – MITEL less savings from ISDN line with Gamma	19	
ICT & Digital – Additional consultancy to help align systems	30	
Community Assets – BVR – As per Council decision 25 May 20	25	
Community Assets – Marriotts Way – As per Council decision 25 May 20	9	
Community Assets – Northwest Woodlands County Park	27	
Community Assets – Play areas	55	
Planning - £10k NSP, £145k GNLP, £31k GNGB, £12.5k GNGB Sports	199	
Strategy – These have previously never been included in the budget as they have been assumed to be fully funded from the Equalisation reserve – They are therefore now included for full transparency.		
Waste – Additional disposal costs linked to increase in tonnage, inflationary increase in gate fee, & reduction in rebate (smoothing mech)	186	
Waste – Other	7	
Other	70	867
Reductions in Income		
Reduction in Business rates income for Growth Delivery Team	38	
Rough sleeping funding potentially ending	40	
Other	25	103
Savings		
Community Assets - Cessation of ash die back funding	-22	
Community & Environmental – Removal of car allowances budget	-31	
Planning – Removal of car allowances budget / savings on adverts	-17	
Housing & Benefits – Budget for War Pensioners HB overstated	-30	
Housing & Benefits – Various minor savings	-14	
Waste – Various minor savings	-30	
Other	-46	-190
Growth in Income		
Council Tax – Summons costs increased in line with normal year actual	-15	
Governance – Estimated profit share from NPLAW - as a result of becoming a stakeholder	-24	
Planning – 5% Admin share of CIL Income built into budgets for the first time	-150	
Planning – Net Neighbourhood planning grant	-9	
Housing Standards & Independent Living – Care and Repair income	-45	
Housing and Benefits – Council Tax Admin Grant	-100	
Housing and Benefits – Income form Tustings	-2	
Housing and Benefits – Additional homelessness grant	-80	
Waste – Trade Waste	-10	
Waste – Recycling Credits	-215	
Waste – Increase in Garden Waste Brown bin income	-204	

	£'000	£'000
Waste – Other	-8	
Other	-12	-874
Base Budget 2021/22		12,454

APPENDIX C: BUDGET CONSULTATION

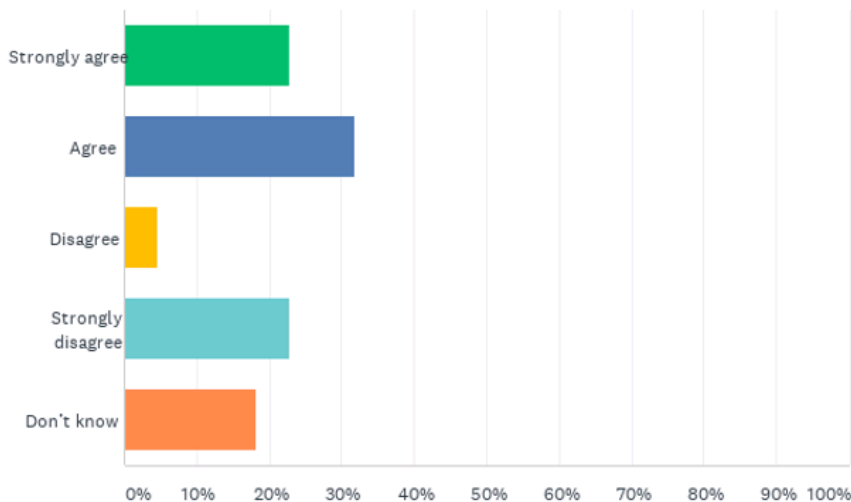
Q1: To what extent do you think that we should target resources primarily on the most vulnerable and those most in need?

Answered: 22 Skipped: 0



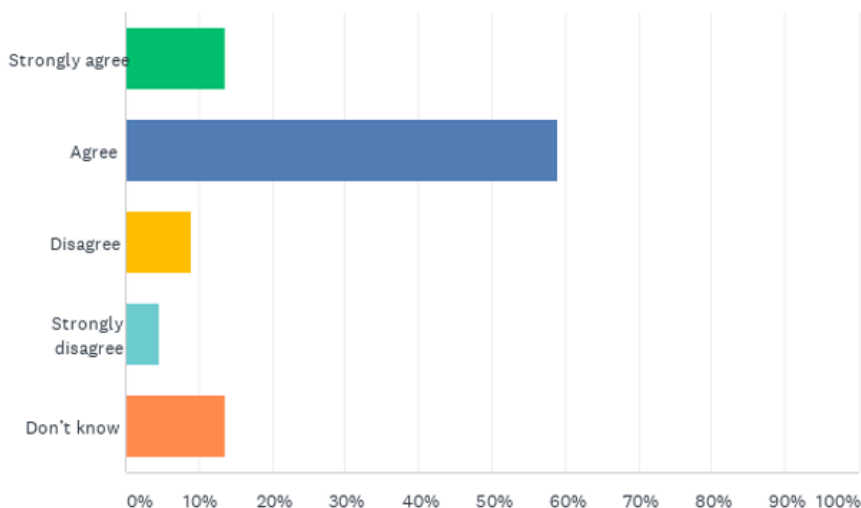
Q2: Over the last few years, we have embarked on a joint housing development venture, creating Broadland Growth Limited. This has provided housing in Broadland as well additional income for the Council. To what extent do you think we should continue to expand this and other similar initiatives?

Answered: 22 Skipped: 0



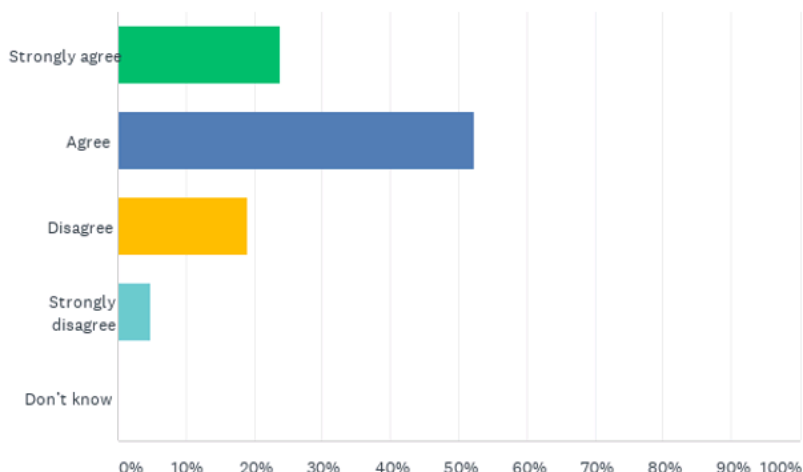
Q3: We would like to know if you think we should target a share of our resources to encourage business growth?

Answered: 22 Skipped: 0



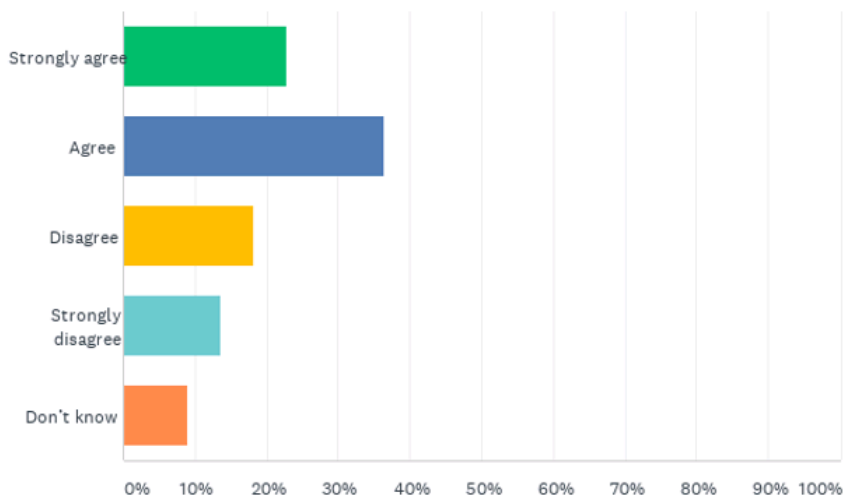
Q4: Some of the charges we make are for services that are discretionary and only used by some of our residents. These charges include our garden waste service and our planning service. To what extent do you believe that these services should be paid for by the customers who benefit from these services rather than general council taxpayers?

Answered: 21 Skipped: 1



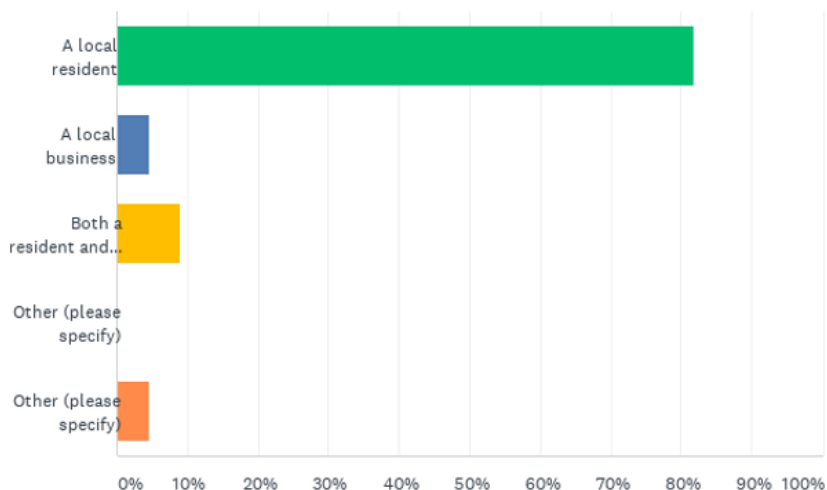
Q5: By increasing its share of council tax in 2021/22 by £5, the Council would raise £230,000 (compared to no increase) to help to protect the services that improve your quality of life, and to continue to support our response to Covid 19. To what extent do you support the Council increasing its share of council tax by up to £5 in 2021/22?

Answered: 22 Skipped: 0



Q6: To help us to understand who is responding to this consultation, please can you tell us if you are:

Answered: 22 Skipped: 0



APPENDIX D: MEDIUM TERM FINANCIAL PLAN (MTFP)

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Base Net Expenditure	12,454	12,454	12,235	12,366	12,614
<u>Recurring Adjustments:</u>					
Inflationary Pressures		249	245	247	252
Collaboration Savings		-489	-113		
Increase in pension contribution		21			
Base Net Expenditure for following year	12,454	12,235	12,366	12,614	12,866
<u>Non Recurring Adjustments</u>					
Investment Income - General	-346	-346	-346	-346	-346
Internal Drainage Board Precept	260	260	260	260	260
Transfers to / (from) Earmarked Reserves	133	133	133	133	133
Net Budget Requirement	12,500	12,281	12,413	12,660	12,912

Funded by					
Council Tax - District Element	6,062	6,370	6,686	7,008	7,337
Council Tax - Special Expenses	170	170	170	170	170
Council Tax - (Deficit) / Surplus	295				
NNDR (Business Rates)	3,983	3,983	3,983	3,983	3,983
New Homes Bonus	1,625	792	250	250	250
Lower Tier Services Grant	366				
Total Funding	12,500	11,315	11,088	11,410	11,739

Funding Gap / (Annual Surplus)	0	967	1,325	1,250	1,173
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Council Tax Calculation					
Council Taxbase (Homes)	46,660	47,220	47,787	48,360	48,940
Council Tax	129.91	134.91	139.91	144.91	149.91
	6,062	6,370	6,686	7,008	7,337

New Homes Bonus Calculation					
2018-19	616				
2019-20	542	542			
2020-21					
2021-22	467				
Future years		250	250	250	250
	1,625	792	250	250	250

APPENDIX E: EARMARKED RESERVES

BDC Reserves		Estimated Balance 31/3/21	21/22 Revenue	21/22 Capital	Balance 31/3/22	22/23 Revenue	22/23 Capital	Balance 31/3/23
Repairs & Renewals - General	To finance significant irregular replacement, repair or maintenance works to Council owned assets.	322		-322	0			0
Repairs & Renewals - Street Lighting	To finance replacement and maintenance to footway lighting managed on behalf of town and parish councils.	155	113	-310	-42	30	-35	-47
Spend Equalisation - Other	To smooth out fluctuations in revenue expenditure incurred in irregular annual patterns.	138			138			138
Spend Equalisation - Elections	To smooth out fluctuations in revenue expenditure incurred in irregular annual patterns.	200			200			200
Spend Equalisation - Local Plan	To smooth out fluctuations in revenue expenditure incurred in irregular annual patterns.	350			350			350
Economic Success Fund	To create jobs and foster economic growth within the Broadland area.	284			284			284
Insurance	To cover increased excess charges that were agreed as part of the revised insurance contract.	59			59			59
Building Control Trading	To cover expected losses in revenue on the formation of the CNC Building Control Partnership.	14			14			14
Housing Assistance Policy	To earmark repayments of housing loans in accordance with the Housing Assistance Policy.	260			260			260
Developer Contributions - Adopted Land	To earmark S106 agreement receipts for the future maintenance of adopted amenity land.	445			445			445
Developer Contributions - Play Areas	To earmark receipts received under S106 Agreements for the provision of children's play areas.	131			131			131
Neighbourhood Plans - Front Runner	To fund work on the district's Forward Plan.	203			203			203

BDC Reserves		Estimated Balance 31/3/21	21/22 Revenue	21/22 Capital	Balance 31/3/22	22/23 Revenue	22/23 Capital	Balance 31/3/23
Community Infrastructure Levy Reserve – 5% Admin	To contain income from the Community Infrastructure Levy for expenditure on infrastructure projects.	393			393			393
Community Infrastructure Levy Reserve – Surcharge for Late Payment	To contain income from the Community Infrastructure Levy for expenditure on infrastructure projects	10			10			10
Business Rates Reserve	To offset the effects of successful appeals against business rates charges.	2,703			2,703			2,703
I.T. Reserve	To fund a rolling programme of hardware and software upgrades	1,300		-537	763		-425	338
Broadland Growth Reserve	To fund projects to encourage economic growth within the district.	2,177		-2,000	177			177
Bridge Maintenance Reserve – Marriott's Way	To fund maintenance on Marriott's Way bridges.	60		-60	0			0
Bridge Maintenance Reserve – Bure Valley Railway	To fund maintenance on BVR bridges.	270	20	-50	240	20	-90	170
Refuse Services	To help fund the purchase of a new fleet of refuse vehicles, and improvements to the depot.	3,000		-3,000	0			0
Food Innovation Centre - For Capital Build	To support the building of a new Food Innovation Hub.	535		-420	115		-125	-10
Food Innovation Centre - For Revenue Support Package	To support the revenue aspects of the new Food Innovation Centre.	455	0		455			455
Total Earmarked Reserves		13,466	133	-6,699	6,900	50	-675	6,275

APPENDIX F: ADVICE OF THE s151 OFFICER

The advice of the s151 officer on the robustness of the estimates included in the budget, and on the adequacy of the financial reserves is as follows.

1 Robustness of Estimates

- 1.1 The budget estimates have been produced on a prudent basis, with an emphasis on identifying the existing cost pressures the Council faces and a realistic level of savings and efficiencies. The budget has been constructed so that all known costs are budgeted for, and income budgets are based on realistic projections. The budget is therefore constructed on a prudent basis.
- 1.2 There are however a number of significant potential risks in the robustness of the estimates as follows:
 - There is likely to be an ongoing impact due to Covid. Monies have been set aside in the 21/22 budget however there is a risk that these could be insufficient.
 - The expected changes to the formula for council funding and changes to the business rates retention scheme is a source of major uncertainty at the present time, as the impact of any changes could have a variety of impacts. While best estimates have been made, the impact of these changes on the council's funding remain unclear.
 - There is an assumption that the Council is able to collect the level of Council Tax planned. The Council has consistently performed well in this area. As Universal Credit is rolled out, the Council is working to ensure that it can manage any resultant customer debt issues.
 - The Council depends on a number of contractors, suppliers and partners to deliver services. The use of partners is important as a delivery model for certain services, and there is a risk that some of these either contract their activities or cease to exist altogether. There could be cost implications that arise should this occur. Where it appears likely that this may happen with particular organisations, then the Council will take appropriate contingency measures to mitigate the impact.
 - There is a risk that the present growth in the economy stalls and growth is not as assumed in the Medium-Term Financial Strategy. If this were to occur, it would impact on the level of income received by the Council through its fees and charges as well as income from business rates retention. There would also be an impact on the demand on the services provided by the Council such as increasing homelessness and benefit claimants. This in turn would lead to an increase in the savings required in future years.
 - Budget estimates have been prepared on a cautious basis, limiting costs and growth where possible and ensuring income expected to be received, both through fees and charges and grant streams are at a level officers are confident can be delivered. There is a risk that this will be overly sensitive.
 - Although the UK has now left the EU, it is still unclear what the long term implications will be on the Council and its funding going forwards.
- 1.3 Overall, in my opinion the budget has been based on a reasonable set of assumptions with due regard to the risks and is therefore robust.

2 Adequacy of Reserves

- 2.1 As S151 officer I am also required to report on the adequacy of reserves.
- 2.2 Section 26 of the Local Government Act 2003 gives the Secretary of State power to fix a minimum level of reserves for which an authority must provide in setting its budget. The Secretary of State has the view that section 26 would only be used “...in which an authority does not act prudently, disregards the advice of its chief finance officer and is heading for serious financial difficulty.”
- 2.3 The level of reserves is predicted to remain at the level required to finance the medium-term financial strategy. The plans in the Capital Programme include using earmarked reserves to fund an element of the capital programme over the next five years.
- 2.4 The projected level of the main General Fund reserve held by the Council at 31st March 2022 is £4.5m (excluding the 2020/21 surplus). This level of reserves provides sufficient flexibility should any of the assumptions made in this budget prove too optimistic.
- 2.5 Assuming Cabinet and Council agree the revenue budget as set out in this report, then in my opinion the level of reserves is adequate for known and potential risks at this time.