

Budget Book 2020/21

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1. Introduction and Overview

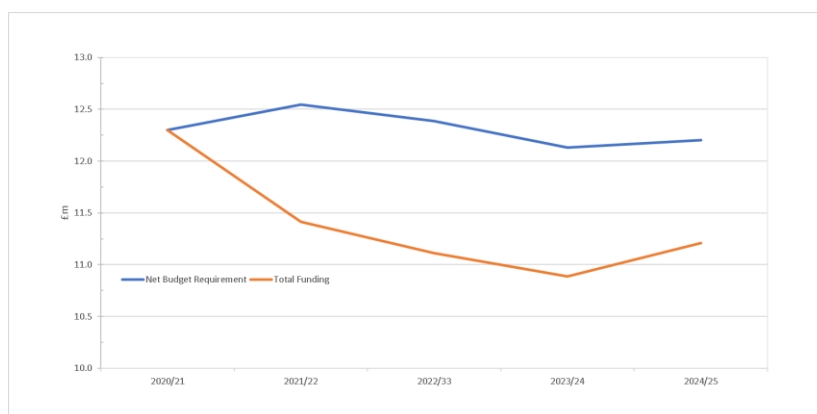
This budget book provides summary information on the Council's budget for 2020/21. It reflects the budget that was agreed by the Council in February 2020.

The proposed revenue budgets and associated Business Plan seek to advance the Council's priority areas:

- Growing the Economy
- Supporting individuals and empowering communities
- Protecting the natural and built environment, whilst maximising quality of life
- Moving with the times, working smartly and collaboratively.

https://www.broadland.gov.uk/downloads/download/126/broadland_business_plan

The background for this budget is the Net Budget Requirement compared to the projected decline in Funding over the next few years as indicated in the following graph



This shows a funding gap developing in 2021/22 of approximately £1.1m. The primary reason for this is the expected reduction in new homes bonus grant after this year. In 2020/21 BDC will receive £2.318m in new homes bonus, this is indicated to fall to:

- £1.158m in 2021/22
- £0.542m in 2022/23
- £0 thereafter.

The likely reduction in future funding and the need to finance the 5-year capital programme are key reasons why it is recommended to increase the 2020/21 Council Tax. Increasing Council Tax protects the Council's income base and helps prevent future service cuts, as well as providing a source of funding for the capital programme.

2. Revenue Budget 2020/21

The budget requirement for 2020/21 is summarised in the following table

	Pay £'000	Non Pay £'000	Income £'000	Net £'000
Resources / MD	2,933	3,536	-310	6,159
Place	2,662	976	-1,615	2,023
People & Communities	2,190	27,534	-25,681	4,043
	7,785	32,046	-27,606	12,225

The proposed 2020/21 revenue budget is balanced and has no calls on general revenue reserves, subject to the final Government Finance Settlement figures not changing substantially from the provisional figures.

- The Council Tax is proposed to increase from £121.14 in 2019/20 to £125.52 for 2020/21 for a band D property.
- Further increases of £5.00 each year are assumed in future years for the purposes of the Medium-Term Financial Strategy.
- Some fees and charges have been increased for service areas and commercial activities and will be reviewed again in 2021/22. The fee for the Garden Waste Brown bin service will not change.
- Over the next few years the Council needs to find annual savings or additional income and savings of approximately £1.1m, in addition to the collaborative savings, primarily because the level of Government funding is expected to continue to decrease in future years
- The likely reduction in future funding is a key reason why it is recommended to increase the 2020/21 Council Tax. Increasing Council Tax protects the Council's income base and helps prevent future service cuts.
- There is increased financial risk while future changes to the funding formula and further localisation of business rates are still under discussion. The amount of the New Homes Bonus remains a major risk and is subject to further Government reforms and the successful delivery of enough new homes.

Detailed Revenue Budget 2020/21

	Pay £'000	Non Pay £'000	Income £'000	Net £'000
Resources / MD				
Corporate Costs (inc Pension lump sum payment)	60	918	-13	965
Finance	431	188	-5	614
Council Tax & NNDR	501	78	-213	366
Governance	322	670	-6	986
Facilities	138	548	-66	620
Human Resources	203	270	-2	471
ICT & Digital	474	711	0	1,185
Executive Team	353	6	0	359
Chief of Staff	383	129	-5	507
Consultancy	68	18	0	86
	2,933	3,536	-310	6,159
Place				
Economic Growth	488	611	-216	883
Community & Environmental Protection	334	120	-33	421
Food, Safety & Licensing	202	26	-165	63
Planning	1,162	162	-981	343
				0
Business Support	476	57	-220	313
	2,662	976	-1,615	2,023
People & Communities				
Communities and Early Help	437	134	-75	496
Housing Standards & Independent Living	408	640	-851	197
Housing and Benefits	1,003	617	-760	860
Housing Benefit Payments	0	20,513	-20,574	-61
				0
Waste Services	342	5,630	-3,421	2,551
	2,190	27,534	-25,681	4,043
	7,785	32,046	-27,606	12,225
Investment Income				-282
Interest Payable				75
Internal Drainage Board Levy				252
Collection Fund Surplus - CTAX				
Transfers to / (from) Earmarked Reserves				30
Transfers to / (from) GF Balance				
				12,300
Funded by				
Council Tax - District Element				5,828
Council Tax - Special Expenses				141
NNDR (Business Rates)				3,983
RSG				30
New Homes Bonus				2,318
				12,300

3. Medium Term Loan Strategy

The key messages from the MTPF are:

- That further savings/income will need to be made over the plan period, if reserves are not to be depleted.
- It is anticipated that the New Homes Bonus grant will be phased out.
- Changes are anticipated but unknown at this stage in relation to business rates income and also the fairer funding review.
- Work to deliver the savings envisaged from the collaboration with South Norfolk Council is an important factor in maintaining a balanced budget.
- The five-year capital programme, which is also on this agenda, and which will have revenue budget implications both in terms of financing and other budget lines such as IT licences depending on the individual project.
- With significant pressure on the Council's budget over the medium term, the Medium-Term Financial Strategy includes future Council Tax increases of £5.00 a year which is the maximum increase permitted for District Councils without a referendum being triggered.

Borrowing

Future years' capital programmes will be funded partly through borrowing, this will initially be internal borrowing from the Council's own cash balances; future external borrowing must be affordable within the context of the revenue budget. Nevertheless, while interest rates remain low there is a case for borrowing on a fixed interest rate basis if the income generated from an investment clearly exceeds the cost of financing. The exact timing of borrowing depends upon the progress and phasing of the Capital Programme and the level of revenue reserves.

Summary Medium Term Financial Strategy

BDC MTFS Jan 20	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Comment
Base Net Expenditure	12,225	12,225	12,470	12,314	12,055	
<u>Recurring Adjustments:</u>						
Inflationary Pressures		245	249	246	241	2% annual increase Based on 45% of latest figure from cost and savings tracker
Collaboration Savings			-405	-405	-68	No allowance for expansion of food waste, or increased disposal costs
Waste contract				-100	-100	
Base Net Expenditure for following year	12,225	12,470	12,314	12,055	12,129	
-						
Investment Income - General	-207	-207	-207	-207	-207	Assume remains stable over time
Investment Income - Loans to companies	-75	-225	-300	-300	-300	Assume income from Broadland Growth covers interest payable
Interest Payable	75	225	300	300	300	Financing costs for £10m investment to Broadland Growth
Internal Drainage Board Precept	252	252	252	252	252	Assume remains stable over time
Transfers to / (from) Earmarked Reserves	30	30	30	30	30	Assume remains stable over time
Net Budget Requirement	12,300	12,544	12,389	12,130	12,204	

Funded by					
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Council Tax - District Element	5,828	6,133	6,444	6,762	7,087	Assume remains stable over time Assuming maintain current level of income
Council Tax - Special Expenses	141	141	141	141	141	
NNDR (Business Rates)	3,983	3,983	3,983	3,983	3,983	
RSG	30					
New Homes Bonus	2,318	1,158	542			Falling in line with figures in 20/21 provisional finance settlement
	12,300	11,415	11,110	10,886	11,211	

Funding Gap	0	1,130	1,279	1,244	993
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Council Tax Calculation						1.2% annual increase £5 annual increase
Council Taxbase (Homes)	46,430	46,987	47,551	48,122	48,699	
Council Tax	125.52	130.52	135.52	140.52	145.52	
Broadland's share of precept (£000)	5,828	6,133	6,444	6,762	7,087	

New Homes Bonus Calculation					
2017-18	511				
2018-19	616	616			
2019-20	542	542	542		
2020-21	649				
	2,318	1,158	542	0	0

4. Capital Programme

The Capital Strategy sets out the Council's approach to the use of its capital assets and resources. It is the framework for determining the capital programme and the effective use of the Council's resources.

This strategy seeks to deliver the Council's vision for the district as set out in Broadland and South Norfolk's 2020/21 Delivery Plan. These ambitions are:

- Growing the Economy.
- Supporting individuals and empowering communities.
- Protecting the natural and built environment, whilst maximising quality of life.
- Moving with the times, working smartly and collaboratively.

The Capital Strategy focuses investment to deliver these priorities while also contributing to the financial sustainability of the Council by supporting opportunities to develop more efficient service delivery and to generate additional income.

The detailed five-year capital programme is £28.8 million.

Expenditure by Directorate is summarised in the following sections.

People & Communities

Housing and Waste Services

Statutory housing improvement grants (disabled facilities grants) are funded from a grant administered by the Better Care Fund. Grant expenditure is expected to show a pattern of gradual increase, with an expectation that the grant income received will match this.

Annual budgets are in place for the purchase, renewal and replacement of waste bins for homes in the district. Cabinet recently introduced a charge for the supply of waste bins to new properties and the income from this will go towards this cost.

Extensive refurbishment work will be required on the existing waste depot at Frettenham. During 2020/21 a business case will look at the option of either refurbishing the existing depot or the delivery of a new joint depot with South Norfolk Council located elsewhere. Depending on the outcome of this business case there could be some expenditure in 2020/21 and 2021/22.

This is in conjunction with the purchase of new vehicles planned for 2021/22 for waste collection and street cleansing. Both projects are subject to full business cases as part of the bigger waste project looking at the future delivery of the waste service but are included in the capital programme to give a full picture of the potential extent of the programme. Please be aware the profile of expenditure is likely to change.

Place

Economic Growth

The capital programme for 2020/21 and 2021/22 includes contributions to fund a bid for the development of a Food Innovation Centre. The bid includes grant funding from the European Regional Development Fund (ERDF), alongside contributions from the NALP and Norfolk County Council. The Centre aims to facilitate greater levels of innovation and growth within the Food and Drink processing sector by providing lettable food grade premises, bespoke related innovation support to businesses as well as developing a world leading cluster and enabling ground-breaking innovation collaborations. A business case will be coming to Cabinet in due course.

A budget is in place to ensure there are adequate resources to fund the ongoing upkeep of the Bure Valley bridges and other maintenance on the Bure Valley Railway which the authority has a responsibility to maintain. A Cabinet report on the Bure Valley railway will be coming to a future Cabinet meeting. As the work is invariably seasonal and unpredictable in nature due to restrictions on when work can be carried out. An arrangement is in place where any surplus budget is placed in an earmarked reserve at the end of the financial year to be drawn on when necessary.

Resources

Facilities

Expenditure on the continuing enhancement of Thorpe Lodge is included in the programme. Projects in scope for 2020/21 include refurbishment of toilets and washrooms, delivery of a new heating and cooling system and overhaul of the lift system. However progressing with these projects will be considered as part of a wider accommodation review across both councils.

ICT and Digital

The capital programme sets aside the capital funding required to deliver the ongoing requirements for PC and server replacements, mobile working, equipment purchases and improvements to the website over the next five years. Broadland's IT Infrastructure is coming to the end of its useful life which together with the need to implement a solution to enable the collaboration to deliver its aims has resulted in the inclusion of significant funding for a number of projects which will enable both Officers and Members to work more efficiently and remotely.

Finance

Borrowing of £5m is included in 2020/21 and 2021/22 to expand the operations of Broadland Growth Ltd to enable the company to deliver a significant number of mixed housing developments across the District and an investment return to the Council. This is subject to a business case but is included in the capital programme to give a full picture of the potential extent of the programme.

5. Capital Funding & Financing

The size of the capital programme and the need to be prudent in the use of revenue reserves for capital purposes means that it is predicted that the Council will need to borrow to fund the capital programme over the next five years.

The new five-year capital programme will be financed from a mixture of revenue and capital reserves, capital receipts and grants, internal borrowing from cash balances, and external borrowing.

Capital Receipts

The programme includes repayment of loans back from Broadland Growth Ltd and receipts from the sale of council owned land. The profile of these capital receipts and the extensive nature of the programme means that without any further capital receipts these funds are exhausted by 2021/22.

Borrowing

As resources reduce, the Council will have a need to borrow to fund capital projects. In order to fund continued investment in property to generate revenue income, external borrowing is anticipated to be required from 2021/22.

It is likely that there will be slippage over the life of the programme which could delay the need to borrow. In the first instance, the Council will be able to borrow internally from its own cash balances. The cost of this, is the interest foregone from investing the cash with external counterparties.

With low interest rates continuing for the foreseeable future there remains the opportunity to invest monies in property as an alternative to bank deposits if the rate of return exceeds the rate of interest which would be achieved through cash investments. However, members need to be aware that this form of investment is deemed to be capital and under the current guidance if an investment property is sold the sale proceeds will be accounted for as capital receipts and cannot be used for revenue purposes in the future. Property assets are also not as liquid as cash and bank deposits.

This strategy is a living document which evolves over time to incorporate ongoing capital liabilities which will need to be met in the future alongside other investment decisions. In order to determine future liabilities, the council will need to commission condition surveys for Council assets. The Capital Strategy will also need to be developed in line with the asset management plan. The Capital Strategy is a corporate document and requires a cross-Council approach to be effective.

Capital Projects Detail and Funding

Appendix A Broadland DC Capital Programme and Funding 2020 to 2025

SCHEME	Provisional - requires a business case and/or Member approval	Directorate	Team	2020/21	2021/22	2022/23	2023/24
Disabled Facilities Grants		People and Communities	Housing	900,000	900,000	900,000	900,000
Minor Improvement Grants		People and Communities	Housing	30,000	30,000	30,000	30,000
Warm Homes Fund		People and Communities	Housing	59,800			
Depot Refurbishment/Replacement	Y	People and Communities	Waste		1,000,000	3,000,000	
Vehicles - Waste and Streets	Y	People and Communities	Waste		5,600,000		
Brown Recycling Bins		People and Communities	Waste	24,000	24,000	24,000	24,000
Domestic Waste Bins		People and Communities	Waste	67,800	67,800	67,800	67,800
Street Lighting		Place	Economic Growth	37,500	34,600	34,800	35,300
Historic Blgs Grants/ Blgs at Risk		Place	Planning	15,000	15,000	15,000	15,000
Bure Valley Railway	Y	Place	Economic Growth	220,000	90,000	90,000	90,000
Contribution to Food Hub Project	Y	Place	Economic Growth	870,000	990,000		
Thorpe Lodge Refurbishment		Resources	Facilities	167,000	84,000	78,000	31,000
Information Technology		Resources	ICT and Digital	666,700	100,000	75,000	75,000
Investment Borrowing	Y	Resources	Finance	5,000,000	5,000,000		
Total				8,057,800	13,935,400	4,314,600	1,268,100
FUNDING							
Grants				959,800	900,000	900,000	900,000
Capital Receipts				1,208,000	4,295,400	324,600	278,100
Revenue Financing (Food Hub)				870,000	990,000		
Revenue Financing (General Fund)				5,000,000	6,380,000		
Earmarked Reserve: Bridges Repair				20,000	90,000	90,000	90,000
Debt					1,280,000	3,000,000	
Total				8,057,800	13,935,400	4,314,600	1,268,100

6. Parish Precepts

The charts below show Parish and Town Council Precepts and Council Tax amounts for Band D (Numbers in brackets indicate joint parishes).

	2019/20		2020/21	
	Precept	Band D	Precept	Band D
Acle	£112,430.00	£116.75	£114,678.00	£116.54
Attlebridge	£120.00	£2.11	£120.00	£2.11
Aylsham	£412,950.00	£155.24	£411,760.00	£152.33
Beeston St Andrew	£0.00	£0.00	£0.00	£0.00
Beighton	£6,993.00	£39.96	£7,063.00	£40.13
Belaugh	£0.00	£0.00	£0.00	£0.00
Blickling	£1,000.00	£20.83	£1,000.00	£19.23
Blofield	£67,270.00	£47.81	£85,000.00	£57.86
Booton	£550.00	£8.87	£550.00	£8.87
Brampton	£4,004.00	£54.11	£4,500.00	£60.81
Brandiston	£550.00	£16.18	£550.00	£16.18
Brundall	£99,011.00	£59.79	£115,800.00	£69.80
Burgh and Tuttington	£3,320.00	£22.59	£3,522.00	£23.96
Buxton with Lamas	£30,765.00	£52.32	£30,765.00	£52.14
Cantley	£10,134.00	£39.28	£10,300.00	£40.23
Cawston	£30,300.00	£57.50	£31,200.00	£59.20
Coltishall	£34,000.00	£56.67	£35,000.00	£58.53
Crostwick	£0.00	£0.00	£0.00	£0.00
Drayton	£160,000.00	£85.29	£163,200.00	£86.62
Felthorpe	£11,845.00	£44.70	£12,082.00	£45.59
Foulsham	£10,000.00	£30.30	£10,000.00	£29.85
Freethorpe	£11,645.00	£36.05	£14,000.00	£42.81
Frettenham	£8,416.00	£31.06	£8,500.00	£31.48
Great & Little Plumstead	£42,950.00	£31.70	£46,053.00	£32.99
Great Witchingham	£11,000.00	£46.22	£11,046.00	£46.22
Guestwick	£325.00	£6.25	£325.00	£6.13
Hainford	£12,232.00	£32.97	£12,232.00	£32.62
Halvergate	£8,754.00	£40.34	£8,929.00	£40.96
Haveringland	£450.00	£4.50	£450.00	£4.25
Hellesdon	£457,220.00	£123.31	£484,516.00	£129.86
Hemblington	£2,826.00	£19.76	£2,854.00	£20.10
Hevingham	£10,100.00	£23.54	£13,200.00	£30.91
Heydon	£4,000.00	£76.92	£4,000.00	£75.47
Honingham	£8,500.00	£56.29	£8,730.00	£57.43
Horsford	£61,246.00	£41.44	£62,472.00	£41.51
Horsham & Newton St Faiths	£24,876.00	£42.38	£25,345.00	£43.40

	2019/20		2020/21	
	Precept	Band D	Precept	Band D
Horstead with Stanninghall	£23,000.00	£60.37	£24,000.00	£62.50
Lingwood & Burlingham	£25,937.00	£29.01	£27,753.00	£31.25
Marsham	£10,056.00	£43.91	£11,062.00	£48.31
Morton on the Hill	£425.00	£11.18	£425.00	£11.49
Old Catton	£189,584	£85.63	£204,751.00	£91.65
Oulton	£2,700.00	£32.53	£3,000.00	£35.29
Postwick with Witton	£7,750.00	£45.59	£9,000.00	£51.14
Rackheath	£42,000.00	£60.96	£49,000.00	£70.00
Reedham	£14,812.00	£33.82	£15,000.00	£34.09
Reepham	£79,485.00	£83.67	£79,485.00	£83.32
Ringland	£5,776.00	£65.64	£7,209.00	£81.92
Salhouse	£27,000.00	£45.08	£27,000.00	£45.00
Salle	£0.00	£0.00	£0.00	£0.00
South Walsham	£18,453.00	£53.80	£19,007.00	£55.09
Spixworth	£88,000.00	£69.84	£88,000.00	£69.13
Sprowston	£650,355.00	£117.01	£688,011.00	£122.86
Stratton Strawless	£3,642.00	£17.77	£3,678.00	£18.12
Strumpshaw	£7,448.00	£28.21	£7,820.00	£29.40
Swannington	£4,600.00	£28.22	£4,713.00	£28.22
Taverham	£243,738.00	£69.22	£248,463	£70.31
Themelthorpe	£0.00	£0.00	£0.00	£0.00
Thorpe St Andrew	£441,638.00	£85.79	£507,660.00	£98.48
Upton with Fishley	£8,696.00	£32.69	£9,130.00	£34.07
Weston Longville	£5,500.00	£39.29	£5,816.00	£40.96
Woodbastwick	£3,300.00	£19.53	£3,300.00	£19.88
Wood Dalling	£1,888.00	£20.52	£1,888.00	£20.52
Wroxham	£35,500.00	£44.54	£40,825.00	£51.68