



NORWICH City Council

Committee Name: Council

Committee Date: 21/02/2024

Report Title: The council's provisional 2024/25 budget and medium-term financial strategy

Portfolio: Councillor Kendrick, cabinet member for resources

Report from: Interim Section 151 Officer

Wards: All Wards

OPEN PUBLIC ITEM

Purpose

To consider proposals for the council's 2024/25 budget (general fund, HRA and capital programme) and updated medium-term financial position including the outcomes of the budget consultation.

Recommendation:

Council is asked to approve Cabinet's recommendations of 7 February 2024 for the 2024/25 financial year:

General Fund

- i. The council's net revenue budget requirement as £24.232m for the financial year 2024/25 including the budget allocations to services shown in and the growth proposals set out in Section 2.
- ii. An increase to Norwich City Council's element of the council tax of 2.99%, meaning that that the Band D council tax will be set at £297.22 (Section 2, paragraph 2.15) with the impact of the increase for all bands shown in Section 2, Appendix 2 (D).
- iii. The prudent minimum level of reserves for the council as £5.4 million (Section 2, paragraph 2.35).
- iv. The following additional Council Tax premiums be applied as soon as practicable (Section 2, paragraphs 2.21-2.25) in line with the Levelling Up and Regeneration Act 2023:
 - 100% premium for second homes with effect from 1st April 2025,
 - 100% premium for properties which have been empty and unfurnished for a period of between 1 and 5 years from 1st April 2024.
- v. Delegation to the chief finance officer (S151 Officer) in consultation with the portfolio holder for resources inclusion of any minor changes consequent on the final local government settlement or additional grant allocations.

- vi. Delegate to the chief finance officer (S151 Officer) the approval of technical virements for general fund, housing revenue account and capital budgets, to make budget transfers where there is no underlying change in the budget intention.

Housing Revenue Account

- vii. The proposed Housing Revenue Account gross expenditure budget of £72.867m and gross income budgets of £82.969m for 2024/25 (Section 3, paragraph 43).
- viii. The use of £10.045m of the £10.102m estimated surplus HRA general reserves to make a revenue budget contribution towards funding the 2024/25 HRA capital programme (Section 3, paragraph 43).
- ix. A 7.7% increase in dwelling rents for 2024/25, in accordance with the government's Rent Standard. This will result in an average weekly rent increase of £6.91 for Norwich social housing tenants (Section 3, paragraphs 48 to 55).
- x. That garage rents increase by 7.7%, based on CPI in September 2023 plus 1% (Section 3, paragraph 53).
- xi. That the setting of tenants' service charges is delegated to the Executive Director of Housing & Community Safety in consultation with the portfolio holder for Housing after engagement with tenant representatives (Section 3, paragraph 54)
- xii. The prudent minimum level of Housing Revenue Account reserves as £5.8m (Section 3, paragraph 70 and table 3.4).

Capital and Commercial Strategy

- xiii. The proposed general fund capital programme 2024/25 to 2028/29 (2024/25: £31.139m; 5 years: £47.108m) and its method of funding as set out in Section 4, table 4.2, table 4.4 and Appendix 4 (B).
- xiv. The proposed HRA capital programme 2024/25 to 2028/29 (2024/25: £41.107m; 5 years: £180.500m) and its method of funding as set out in Section 4, table 4.2, table 4.5 and Appendix 4 (B).
- xv. The capital strategy, as required by CIPFA's Prudential Code.
- xvi. Delegating to Cabinet, approval to include in the capital programme, additional capital schemes funded wholly by grant where it meets the Council's aims.
- xvii. Delegating to the chief finance officer in consultation with the executive director of development and city services, approval of adjustments to the 2024/25 and future capital programmes to reflect the funding requirements of projects funded from the Towns' Deal.

Treasury Management Strategy

- xviii. The borrowing strategy 2024/25 through to 2028/29 (Section 5, paragraphs 5.25 to 5.29).
- xix. The capital and treasury prudential indicators and limits for 2024/25 through to 2028/29 contained within Section 5 including the Authorised Borrowing Limit for the council.
- xx. The Minimum Revenue Provision (MRP) policy statement contained in Appendix 5 (Section 5)
- xxi. The (financial) Investment Strategy 2024/25 including changes to counterparty limits.

Summary of key financial indicators

xxii. Indicators for 2024/25 through to 2028/29 as contained in section 5.

To approve an amendment recommended by Cabinet at the meeting on 7 February 2024:

- xxiii. Increase the funding for the play area improvement programme by £1.1m over the period 2024/25 to 2026/27.
- xxiv. Increase the funding in 2024/25 for the improvement of the changing pavilions at Eaton Park by £0.3m.
- xxv. Increase the funding for Sloughbottom park by £0.85m.

Precepts

- xxvi. To approve that the total of all the precepts of the collection fund is calculated in accordance with Sections 32-36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011(as shown in Annex B) taking into account precepts notified by Norfolk County Council and the Office of the Police & Crime Commissioner for Norfolk.

Policy Framework

The Council has five corporate aims, which are:

- Aim 1 - People live independently and well in a diverse and safe city.
- Aim 2 – Norwich is a sustainable and healthy city.
- Aim 3 – Norwich has the infrastructure and housing it needs to be a successful city.
- Aim 4 – The city has an inclusive economy in which residents have equal opportunity to flourish.
- Aim 5 – Norwich City Council is in good shape to serve the city.

This report is relevant for all five corporate aims. Detailed work is also being undertaken alongside the work on the council's budget and Medium-Term Financial Strategy to update the Council's Corporate Plan and this work will complement that process.

Report Details

1. At its meeting of 7 February 2024 Cabinet recommended the budget report (shown in Annex A) to Council for approval considering the outcomes from public consultation set out in Section 2 (E).
2. The Cabinet considered and agreed to recommendations arising from the Budget Scrutiny Committee session held on 1st February 2024 and to additional amendments proposed at the Cabinet meeting of 7th February 2024.
3. The statutory determination at Annex B reflects the final Council Tax base as confirmed by the chief finance officer under delegated powers. It also reflects the following proposed increases in Council tax:

Preceptor	% increase
Norwich City Council	2.99%
Norfolk County Council	4.99%
Office of the Police and Crime Commissioner for Norfolk	4.28%

4. The precept for the Office of the Police and Crime Commissioner was confirmed at the meeting of the Norfolk Police and Crime Panel on 6th February 2024.
5. The precept for the County Council is to be considered at its meeting on 20th February 2024, after publication of these papers. Any changes to the proposed precept will be reported orally to Council at this meeting. The proposal is an increase in general council tax of 2.99% and 2.00% for the Adult Social Care precept in 2024/25 (i.e. 4.99% in total).

Consultation

6. In line with the approach used in previous years, citizens, partners, and local businesses have been consulted on the proposed approach to meeting the savings target for 2024/25 and the proposed council tax level.
7. The council carried out an online budget consultation survey which closed on 15th January 2024.
8. Appendix 2 (E) provides further detail on the budget consultation responses.
9. Tenant Involvement Panel representatives were consulted on the proposed rent increase at a meeting on 14th December 2023. The impact on both tenants and the long-term viability of the HRA was discussed at length, with concerns raised regarding the effect of an increase on those struggling financially in the current climate. However, the panel endorsed the proposed rent increase of 7.7% in line with government guidance.
10. In accordance with the recommendations in this report, levels of tenants' service charges are determined by officers under delegated powers, in consultation with the portfolio holder and after engagement with tenant representatives.

Implications

Financial and Resources

11. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in the Corporate Plan.
12. This report presents the council's proposed 2024/25 budgets across all its activities along with its medium-term financial strategy. The financial implications of these proposals are given throughout the report.
13. The amendment recommended at the Cabinet meeting of 7th February 2024 to increase the general fund capital programme, will impact on the figures shown in the treasury management strategy included within this report. This will be reflected in the mid-year treasury management update report, to be considered by Cabinet later in the year.

Legal

14. There is a statutory duty to consult on the Council's budget with business ratepayers (S65 Local Government Finance Act 1992). It is also considered best practice to seek broader views through meaningful consultation with service users, residents, and partners. Further duties to consult on specific proposals impacting users, including staff and unions also exist prior to implementation.
15. The Council has a legal duty to set a balanced budget before the statutory deadline. The Council's legal service has had opportunity to review all proposed budgetary savings and, as appropriate, outline specific legal requirements that will require consideration as savings proposals are implemented.
16. The Council's Chief Finance Officer (S151) has a duty to report to Council on the adequacy of its reserves and the robustness of its budget estimates before the final decisions are taken on the budget and setting of the council tax.

Statutory Considerations

17. The proposed budget within this paper covers a wide range of council activity and spend. As a result, it is not possible to provide a detailed assessment of, for example, the impact on residents and others with protected characteristics under The Equality Act at this level. Existing council processes for equality impact assessments will continue to be carried out at an appropriate time for the individual projects, activities and policies that constitute this budget and service review programme.

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	Equality Impact Assessments are required for any specific budget proposals and the impact of the totality of all measures. The overarching assessment is included in Section 8.

Consideration	Details of any implications and proposed measures to address:
Health, Social and Economic Impact	Budget savings and investment proposals including capital investments are likely to have economic impacts on the area.
Crime and Disorder	No specific crime and disorder impacts are considered to arise from the Council's budget setting processes.
Children and Adults Safeguarding	No specific safeguarding issues are considered to arise from the Council's budget setting processes.
Environmental Impact	The proposed capital investment strategy will provide for improvements to the council's assets and the surrounding environment.

Risk Management

18. The budget paper clearly outlines several financial risks to the council, some of which have increased considering changes to the wider economic environment.
19. Several measures have been put in place to mitigate the increased risks, including:
- a) Maintaining earmarked reserves, established to help mitigate risk, including:
 - The budget risk reserve to manage the financial risks associated with the delivery of the 2024/25 budget savings.
 - An insurance reserve to provide support for claims below the level at which insurance cover is provided externally.
 - The business change reserve to fund costs linked to the council's change programme.
 - The commercial property reserve to manage the risks and costs associated with holding commercial property.
 - A reserve to mitigate financial risks from lending to the council's wholly owned companies.
 - b) The maintenance of a Prudent Minimum Level of General Fund reserve.
 - c) The requirement to produce robust business cases for large capital projects (many of which will generate returns or savings) before a project commences.

Reasons for the decision/recommendation

20. The Council has a legal duty to consult on proposals and set a balanced budget before the statutory deadline.

Background papers: None

Appendices:

Annex A: The council's 2024/25 budget and medium-term financial strategy

- Section 1: Local Government Finance Settlement
- Section 2: General Fund – MTFS and 2024/25 Budget
- Section 3: HRA 2024/25 Budget
- Section 4: Capital and Commercial strategy (Incl. Capital Programme)
- Section 5: Treasury Management Strategy
- Section 6: Chief Finance Officers Statement
- Section 7: Financial Glossary
- Section 8: Equality Impact Assessment

Annex B: Statutory Council Tax Resolution

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