



## **Council**

Members of the council are hereby summoned to attend the meeting of the council to be held in the council chamber, City Hall, Norwich, on

**Wednesday, 12 February 2025**

**19:30**

## **Agenda**

### **Page nos**

**1 Lord Mayor's announcements**

**2 Declarations of interest**

(Please note that it is the responsibility of individual members to declare an interest prior to the item if they arrive late for the meeting)

**3 Public questions/petitions**

To receive questions / petitions from the public which have been submitted in accordance with the council's constitution.

**4 Minutes**

**5 - 36**

To approve the accuracy of the minutes of the meeting held on 21 January 2025.

**5 The council's 2025-2026 budget and medium-term financial strategy**

**37 - 190**

**Purpose** - To consider proposals for the council's 2025/26 budget (general fund, HRA and capital programme) and updated medium-term financial position including the outcomes of the budget consultation.

## **EXEMPT ITEMS:**

(During consideration of these items the meeting is not likely to be open to the press and the public.)

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part 1 of Schedule 12 A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

In each case, members are asked to decide whether, in all circumstances, the public interest in maintaining the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.

**Page nos**

Jan Robinson

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## **Council**

**19:30 to 21:30**

**Tuesday, 21 January 2025**

Present: Councillors Thomas (Lord Mayor), Bolton, Caine, Calvert, Carrington, Catt, Champion, Davis, Driver, Fox, Galvin, Giles, Hampton, Harper, Haynes, Hoechner, Huntley, Jones, Kendrick, Kidman, Lubbock, Maguire, Oliver, Osborn, Padda, Packer, Sands (M), Sands (S), Schmierer, Smith, Stonard, Wright and Young

Apologies: Councillors Ackroyd, Francis, Fulton-McAlister, Price, Prinsley and Worley

### **1. Lord Mayor's Announcements**

There were no announcements from the Lord Mayor.

### **2. Declarations of interests**

There were no declarations of interest.

### **3. Public questions/petitions**

The Deputy Lord Mayor announced that three public questions had been received within the provisions of the Council's constitution.

#### **Question 1**

##### **Clock Tower Repairs**

Mr Gareth Lewis asked the cabinet member for an open and modern council the following question:

"In 2017 the Council spent £200,000 on the City Hall clock tower and clock refurbishment. The gold gilt is now peeling from the numeral points. As I now understand the situation the failure of the gilding was due to a rushed low quality job done by the contractor at the time.

To my knowledge gilding is a skilled, meticulous and time consuming occupation. Is the cost of this now necessary repair going to be covered by a guarantee or warranty of workmanship by the contractor, or are the long suffering council taxpayers going to be lumbered with the cost?"

Councillor Kendrick, the cabinet member for an open and modern council gave the following response:

“Thank you for your question.

The work undertaken in 2017 was part of a wider package of work which was primarily focused on repair to the large finials which are the large copper sections of metal projecting from each corner of the tower as well as structural repairs to the tower itself. These repairs were successful and an example of proactive management of our asset. Given budget availability at the time gilding of the clock faces was added to the project to realise economies of scale whilst the scaffolding was in place and this has prolonged the life of the clock face. Gilding is by its very nature is delicate and ideal conditions need to be met if gilding is to last. Repairs to the clock face will form a continual part of proactive management of City Hall and further repairs will be considered as we progress our work on the future of City Hall which has the ability to provide a wide range of exciting benefits for the City.”

Mr Lewis confirmed that there was no supplementary question

## **Question 2**

### **Guidelines for accessibility events**

The Lord Mayor read the following question from Mr Dave Shraga, on behalf of Inclusive Norwich, to the cabinet member for a prosperous Norwich:

“Norwich City Council hosts a number of events over the course of the year and strives to make them inclusive to as many residents and visitors as possible. For example, safe quiet spaces for those who need a break from loud noise or bright lights, and wheelchair accessible viewing platforms for people to have a good view of street parades. I have noticed that these measures are not always communicated clearly or in an accessible way. Please could the Cabinet Member introduce a set of guidelines to be considered for each event so that people can plan their visits in advance with consistency and enjoy everything the city has to offer?”

Councillor Kidman, the cabinet member for a prosperous Norwich gave the following response:

“Hosting events which are enjoyable and accessible to as many residents and visitors as possible is a real priority for me, and I’m pleased that we are able to provide a range of accessibility offers for both audiences and performers, as you have identified. Measures such as the viewing areas are extremely popular and, in response to feedback, can be prebooked so that users have reassurance that space will be available when they arrive.

Currently information is shared on our website and our social media channels, but we are working to achieve a more consistent approach to sharing this information in good time and in varied ways. I hope this will help, and I would welcome suggestions from Inclusive Norwich as we make these changes.

Our events team is working to achieve Attitude is Everything accreditation for accessibility at council-led events. Attitude is Everything are live event and music specialists who work with event industry professionals to break down

the barriers that disabled people face. As part of this work, the event team will establish a consistent offer for events, communications and booking procedures to help people plan their visits.”

As Mr Shruga was not present there was no supplementary question.

Ms Georgia Brumby, asked the leader of the council the following question:

“At November council, there seemed to be some confusion about Lion Homes developing the Mile Cross depot site. Councillor Osborn said he and Councillor Davis had been informed by the monitoring officer that Lion Homes were not developing it, which was denied by the leader of the council. For clarity, could I ask who is developing the site?”

Councillor Hampton the deputy leader and cabinet member for a climate responsive Norwich gave the following response on behalf of Councillor Stonard:

“Thank you for your question.

The Mile Cross depot site will be developed out in phases.

A planning application has been approved for 67 new homes and for clarity these will be developed by the Council all for affordable housing as the first phase of the development. This high-quality scheme has been designed to meet the identified housing need from our housing register.

Options for the tenure of the future phases of development on the site are still being considered.

Any decision to develop or dispose of the future phases of the development, including consideration of any involvement by Lion Homes, will be subject to a business case, and considered in the future by Cabinet.”

In response to Ms Brumby’s supplementary question the deputy leader and cabinet member for a climate responsive Norwich confirmed that the number of homes in the first phase of the development was 67 homes.

## **Petition**

There had been no petitions received.

## **4. Questions to Cabinet Members**

The Deputy Lord Mayor announced that 25 questions had been received from members of the council to cabinet members, for which notice had been given in accordance with the provisions of Part 3 of the Council’s constitution.

The questions are summarised as follows:

- Question 1 Councillor Driver to the cabinet member for a fairer Norwich on award for the Home Adaptations Team.
- Question 2 Councillor Carrington to the leader of the council on the purchase of Anglia Square.

- Question 3 Councillor Fulton-McAlister to the cabinet member for a fairer Norwich on Support NoW model for partnership working.
- Question 4 Councillor Huntley to the cabinet member for an open and modern council on the Treasury Management Committee exploration of ethical investment.
- Question 5 Councillor Maguire to the cabinet member for a fairer Norwich on the Complex Health and Enhanced Community Support programme.
- Question 6 Councillor Padda to the cabinet member for a prosperous Norwich on the Festive Light Switch-On Event.
- Question 7 Councillor Harper to the cabinet member for housing on the turnaround of void properties.
- Question 8 Councillor Mike Sands to the cabinet member for a prosperous Norwich on accessibility of Festive Light Switch-On.
- Question 9 Councillor Osborn to the deputy leader and cabinet member for a climate responsive Norwich on garden waste invoices.
- Question 10 Councillor Oliver to the deputy leader and cabinet member for a climate responsive Norwich on the progress of toilets at Jenny Lind Park.
- Question 11 Councillor Sue Sands to the deputy leader and cabinet member for a climate responsive Norwich on the actions taken to deter fly-tipping.
- Question 12 Councillor Bolton to the deputy leader and cabinet member for a climate responsive Norwich on the fly-tipping enforcement policy.
- Question 13 Councillor Champion to the deputy leader and cabinet member for a climate responsive Norwich on the issuing of Penalty Charge Notices.
- Question 14 Councillor Hoechner to the deputy leader and cabinet member for a climate responsive Norwich on labelling and cleaning of city centre bins.
- Question 15 Councillor Young to the deputy leader and cabinet member for a climate responsive Norwich on the locking of Heigham Park.
- Question 16 Councillor Galvin to the deputy leader and cabinet member for a climate responsive Norwich on a bin for Distillery Square.
- Question 17 Councillor Fox to the leader of the council on homes developed by Lion Homes Limited.
- Question 18 Councillor Catt to the cabinet member for housing on the mobile caretaking service.
- Question 19 Councillor Schmierer to the cabinet member for a fairer Norwich on Marmot Places.
- Question 20 Councillor Calvert to the cabinet member for housing on HMO licensing processing times.



Question 21 Councillor Caine to the cabinet member for housing on the EPC ratings of private rented properties.

Question 22 Councillor Osborn to the cabinet member for a prosperous Norwich on the adoption of Goldsmith Street.

Question 23 Councillor Worley to the leader of the council on the protection of Norwich's housing stock in relation to devolution.

Question 24 Councillor Bolton to the deputy leader and cabinet member for a climate responsive Norwich on damage to allotment fencing.

Question 25 Councillor Hoechner to the leader of the council on an ethical advertising policy.

(Full details of the questions and responses were available on the council's website prior to the meeting. A revised version is attached to these minutes at Appendix A and includes a minute of any supplementary questions and responses.)

## **5. Minutes**

**RESOLVED** to approve the accuracy of the minutes of the meeting held on 19 November 2024 and the extraordinary meeting held on 18 December 2024.

## **6. Treasury Management Mid Year Review Report**

Councillor Kendrick moved and Councillor Maguire seconded the recommendations as set out in the report.

Following debate it was:

**RESOLVED**, unanimously to:

- 1) Note the contents of the report and in particular the treasury management activity undertaken in the first six months of the 2024/25 financial year
- 2) Note the final Quarter 1 data as set out in Appendix A.
- 3) Adopt the Treasury Management Mid Year Review Report.

(Councillor Stonard joined the meeting at this point).

## **7. Regulation 10A Review of the Development Management Policies Local Plan**

Councillor Kendrick moved, and Councillor Hampton seconded the recommendations as set out in the report.

Following debate it was:

**RESOLVED**, unanimously to endorse the Regulation 10A review of the Development Management Policies Local Plan and agree to commence a full review of the plan following further clarity on national planning reform.

## 8. Appointment of NCSL Managing Director

Councillor Stonard moved and Councillor Mike Sands seconded the recommendations as set out in the report.

Following debate it was:

**RESOLVED**, unanimously, to approve the formal offer for the post of Managing Director of Norwich City Services Limited (NCSL) to the candidate recommended by the member appointment panel following a comprehensive recruitment process.

## 9. Meeting schedule Norwich City Council meetings 2025-26

The Lord Mayor announced that this item would be deferred to the meeting on 25 February 2025.

## 10. Motions

The Deputy Lord Mayor announced that three motions had been received for consideration.

### Motion 10(a) – Devolution

Councillors Stonard, Caine, Wright and Davis moved and Councillors Hampton, Galvin, Lubbock and Oliver seconded the motion as set out in the additional papers circulated for the meeting.

Following debate it was:

**RESOLVED** unanimously:

“This council **NOTES**:

- 1) The publication of the English Devolution White Paper on 16 December 2024, which outlines plans for devolution and local government reorganisation across England. This includes implementing a framework of mayoral authorities throughout the county alongside the creation of unitary councils by 2027/28.
- 2) The Government’s stated intention to devolve power from Whitehall to local areas to, "Ignite growth in every region.

This council **BELIEVES**:

- 1) Local government reorganisation is an opportunity to improve service delivery, increase democratic engagement, and address local priorities—but only if designed inclusively, transparently, and in ways that protect the local accountability and democratic function of councils.
- 2) That local government reorganisation should amplify both the voice and potential of Norwich and its urban area – maximising the city and urban area as the region's economic powerhouse.
- 3) That the timetable for the implementation of these changes is ambitious and will be challenging in terms of ensuring full and proper engagement of our

citizens. On that basis, the government should ensure that the statutory consultation is as far reaching as possible.

- 4) Local representation and citizen engagement is critical to effective democracy in this country, and that any reorganisation should have this at its heart.
- 5) This is a chance to right the wrongs of the 1974 local government reorganisation, which stripped Norwich of its County Borough status, and the decision in 2010 by the coalition government to reverse Norwich's Unitary status, which had been agreed by the previous Labour government.

This council **RESOLVES**:

- 1) To support the creation of a new unitary authority for the Norwich urban area, which understands and responds to the needs of the residents in the Norwich urban area.
- 2) To commission the development of a business case for a new unitary authority for the Norwich urban area, to be submitted to government within the required timescales.
- 3) To commit to collaborating with other relevant authorities to ensure that the whole system of new unitary authorities is able to realise our ambitions for our communities, reduce inequalities and accelerate growth in our key economic areas. This includes building on best practice and retaining current exemplar services when developing new models for service delivery."

### **Motion 10(b) – Trees: Planting for the Future**

Councillor Champion moved and Councillor Fox seconded the motion as set out in the supplementary agenda.

Councillor Hampton moved and Councillor Giles a motion without notice, under rule 74(a) to refer the motion to the Climate and Environment Emergency Executive Panel.

Following debate it was:

**RESOLVED**, with 19 voting in favour and 14 voting against to refer the following motion to the Climate and Environment Emergency Executive Panel:

"In the most recent corporate plan, our council has set out its ambition to become a future-proof and climate responsive city. Trees will play a fundamental role in these goals, providing, amongst other benefits, cleaner air, stormwater management, lower urban temperatures, crime reduction and improved mental health outcomes.

Norwich City Council, while possessing a series of disparate policies relating to trees, such as DM7, is currently lacking a comprehensive urban tree strategy. There are wards in the city that currently suffer from poor Tree Equity<sup>1</sup> which has additional impacts on residents' well-being and safety. Further to this, some residents have encountered barriers to planting and maintaining trees in their neighbourhoods; for example, there are ongoing issues regarding public liability insurance for street trees in planters, which is an obstacle to residents aiming to create more urban wildlife habitats.

In the most recent Climate and Environment Emergency Executive Panel meeting on 10/12/2024, it was reported that Norwich City Council is expecting the need to offset part of the council's carbon emissions. There have been a number of problems with offset schemes, such as those reported in the Friends of the Earth article A dangerous distraction – the offsetting con: issues we should be wary to avoid. As one of the most cost-effective ways of carbon offsetting is carrying out these activities overseas, one possible mechanism for ensuring that the process is effective and socially just would be to explore using the Twinning Committee to ensure good lines of communication and mutually beneficial working.

This Council recognises:

- 1) The benefits that trees bring to urban living
- 2) That substantially increasing the tree cover is an essential step towards addressing climate change
- 3) That tree inequality in our city should be addressed.

This Council resolves to:

- 1) Thank officers at both Norwich City Council and other nearby authorities for their collective efforts in aiding nature recovery in our region.
- 2) Engage with Norfolk County Council to come to a resolution over the issue of public liability with regards to planting new trees in the city.
- 3) Publish in the next edition of Citizen a guide for tree maintenance for our city's residents.
- 4) Achieve 100% tree equity across all of Norwich's Wards by 2045, by focusing initial efforts on the wards with the lowest tree equity score.
- 5) Ask officers to explore the possibility of incorporating more edible trees, plants and shrubbery in our city's parks and open spaces.
- 6) Ask Cabinet to:
  - a) explore the possibility of using the Council's Twinning Committee to ensure that carbon offsetting procured overseas is carried out in an equitable manner, by entering into a Twinning agreement with relevant municipality.
  - b) To commission a comprehensive Tree Strategy for Norwich.
  - c) To consider undergoing the application process for Norwich to become a Tree City of the World.

## Motion 10(c) – Community Ownership

(This item was taken as unopposed business).

(Councillor Giles proposed the motion instead of Councillor Stonard

An amendment had been received from Councillor Giles which became the substantive motion:

Inserting the following at the end of resolution 1). **“This will entail partnership working with Norfolk’s VCSE infrastructure support organisations (Voluntary Norfolk, Norfolk Community Foundation and Community Action Norfolk) for signposting towards funding and recommendations for raising capital. This will involve linking up community groups with those groups who have previously been through the process for potential peer-to-peer support.”**

Another amendment was received from Galvin which had been accepted by the proposer:

“Inserting the following words **“and be unashamedly ambitious in ensuring continued protection of community facilities, working closely with community groups to ensure their needs and aspirations are fully understood and met”** after the words **“where possible”** in resolution 1).

Inserting the words **“by supporting the application process, working in partnership with local community groups to ensure guidance and support is effective and accessible”** at the end of resolution 2)

Inserting the words **“sharing learning and fostering a culture of collaboration and support for future initiatives; working closely with community groups and stakeholders to ensure that equality and inclusion are encouraged when sharing information regarding assets of community value, and focussing on sustainability and climate impact”** at the end of resolution 3)”

Councillor Giles moved and Councillor Hampton seconded the motion as amended.

**RESOLVED** that:

“So that the revised motion becomes:-

Council notes the important role local assets play in thriving communities.

Understands that these venues can take various forms and can range from community centres and pubs to cinemas and music venues.

Further notes that over recent years the sad decline of the British high street paired with the UK’s stunted economic growth has meant our communities are being hollowed out of the assets that we all find important, with many vital assets left empty and vacant, ultimately becoming an eye sore to local communities.

Welcomes the news of the UK Government's plans to introduce a Community Right to Buy and commitment to strengthen the powers available to communities including a first refusal on a wider range of assets of community value and doubling the time period for communities to raise finance to buy Assets of Community Value from six months to twelve.

Understands and celebrates the role that local people have played in saving and breathing new life into once forgotten venues, through schemes such as Assets of Community Value and commits to supporting further work to ensure these processes are as accessible as possible.

This Council commits to supporting community groups interested in acquiring an asset with connections to local and national funders as well as infrastructure support, this includes working with organisations such as Plunkett UK and Power to Change.

Therefore, Norwich City Council **resolves** to work with Council officers to see how best it can:

- 1) Continue to protect community facilities where possible. This will entail partnership working with Norfolk's VCSE infrastructure support organisations (Voluntary Norfolk, Norfolk Community Foundation and Community Action Norfolk) for signposting towards funding and recommendations for raising capital. This will involve linking up community groups with those groups who have previously been through the process for potential peer-to-peer support.
- 2) Make it easier for people to apply for an Asset of Community Value (ACV) by supporting the application process, working in partnership with local community groups to ensure guidance and support is effective and accessible.
- 3) Celebrate the success stories of ACVs in our community, sharing learning and fostering a culture of collaboration and support for future initiatives; working closely with community groups and stakeholders to ensure that equality and inclusion are encouraged when sharing information regarding assets of community value, and focussing on sustainability and climate impact.

(The Lord Mayor closed the meeting.)

LORD MAYOR



## **Council**

**21 January 2025**

### **Questions to cabinet members**

#### **Question 1**

**Councillor Driver to ask the cabinet member for a fairer Norwich the following question:**

“I am delighted to see the City Council’s Disabled Facilities Grant team have been awarded a national award. Could the Cabinet member for a Fairer Norwich comment on this please?”

**Councillor Giles, the cabinet member for a fairer Norwich's response:**

“It’s fantastic that the council’s Health and Housing Improvement Team have won DFG Adaptations Service of the Year at the National Healthy Housing Awards.

Disabled Facilities Grants (DFGs) help residents, who are not City Council tenants, to remain living independently within their own home by providing adaptations such as stairlifts, level access showers and ramps as well as larger adaptations such as extensions, when required. Our Disabled Facilities Grant fund is capital funding from the Government’s Better Care Fund, passported to the City Council through the Norfolk and Waveney Integrated Care Partnership. The fund is then topped up by discretionary funding provision made by the City Council.

The work contributes significantly to our Community-led Plan priority of a Fairer Norwich. Recipients of a DFG can expect to stay out of a care home for four years longer than someone who doesn’t have one.

The award recognises the hard work and outcomes delivered by the team who, in the last three years, have increased the number of grants being delivered a year by 50% whilst reducing timescales by 10%. Last year the service administered and delivered 650 grants, 479 of which were DFGs, awarding over £3.5m in grants with each grant averaging £5,940. This resulted in over 480 families being able to remain living independently within their own home. This successfully reduced the need for 106 care packages being implemented, prevented 28 admissions to care homes, and improved the wellbeing of 207 informal carers.

Our Health and Housing Improvement Team is tenure-neutral to residents, and City Council tenants also benefit from disabled adaptations funded through the HRA.

The City Council's draft Business Plan to implement our Community-led Plan includes the following action and outcomes:

**Tenure-neutral disability adaptations**

Action (planned): In light of the forthcoming increase to Disabled Facilities Grant funding from the Government, we will review capacity of the Health and Housing Improvement Team to ensure we can deliver tenure-neutral disability adaptations which enable people to remain living independently in their home.

**Outcomes:**

- Capacity alignment with increased demand
- Equitable access across tenures
- Effective and efficient use of the increased funding to meet the needs of the local population
- Monitoring and evaluation of the impact of increased funding on service delivery and outcomes"

As a supplementary question Councillor Driver asked the cabinet member to comment on the significant increase in the Disabled Facilities Grant for 2025/26. In Councillor Giles reiterated his thanks to the team for winning the prestigious award and that he welcomed the Government funding increase for the disabled facilities grant for 2025/26. Research from various organisations had shown that investment in adaptations had a significant return on investment. Holistic adaptations also ensured that people's wellbeing was improved in a number of ways including physical and mental wellbeing.

**Question 2**

**Councillor Carrington to ask the leader of the council the following question:**

"The announcement that the City Council has purchased Anglia Square provides an unprecedented opportunity to end years of delay and for the council to lead the comprehensive regeneration of the important city-centre site. Could the Leader comment on the significance of this purchase, the benefits which will flow from it, and what we can expect to happen in the coming months?"

**Councillor Stonard, the leader's response:**

"Thank you for your question.



The announcements that the council has successfully acquired the Anglia Square site and has now been awarded £34m of Government funding from Homes England is a fantastic start to the new year.

The Council acquired the site after several years of uncertainty and unsuccessful development attempts. This acquisition will bring the site into public ownership and will finally unlock the opportunity to deliver the regeneration that is needed.

The funding enabled the acquisition and will now deliver the demolition and infrastructure required to bring forward delivery of c1100 new homes including affordable housing, business opportunities and jobs for local people.

Over the next 12 months a significant amount of activity will take place with plans for a meanwhile use 'box park' to be created to allow existing and new traders to grow their businesses, demolition of the existing buildings and facilitating infrastructure to support delivery of the scheme.

There will be work commencing in the next couple of months to strip out existing vacant buildings to prepare them for demolition and to prepare the planning application for the meanwhile use and it is hoped that, subject to planning, this could be available for occupation in late spring.

Full demolition activity will commence around this time whilst officers drive forward with plans for how the site will be developed out in the future, utilising the existing planning approval.

Overall, we have seized this golden opportunity to deliver the homes and jobs that Norwich needs."

Councillor Carrington confirmed that she did not have a supplementary question.

### **Question 3**

**Councillor Fulton-McAlister to ask the cabinet member for a fairer Norwich the following question:**

"Could the Cabinet member for a Fairer Norwich please comment on the Support NoW model to enhance collaboration between the City Council with our health and Voluntary, Community and Social Enterprise (VCSE) partners?"

**Councillor Giles, the cabinet member for a fairer Norwich's response:**

"Norwich Support Alliance is a partnership between the City Council, statutory and VCSE partners working together to optimise use and effectiveness of existing resources to address the challenges residents, and our organisations are facing, as well as meeting wider system priorities. These include the Council's 2040 Vision and Community Led Plan, the Norfolk & Waveney

Integrated Care Strategy and the Norwich Health & Wellbeing Strategy. Support NoW is the working name for the Alliance.

Based on shared values and a vision of a single system, the Alliance aims to enable residents and professionals to access appropriate support at the earliest opportunity and for agencies to work together in a joined-up way reducing barriers and creating a seamless journey for the resident.

The Alliance seeks to enhance on the joint working historically conducted through the Norwich Financial Inclusion Consortium and the Norfolk Community Advice Network (NCAN).

The draft Business Plan to implement the Community-led Plan includes, under the action (in progress) of adopting and embedding the socio-economic duty in the Equality Act 2010, s 1, an outcome of “more inclusive decision-making, strategic planning, and service delivery, for example through the emerging Support NoW model”.

As Councillor Fulton-McAlister had sent his apologies there was no supplementary question.

#### **Question 4**

**Councillor Huntley to ask the cabinet member for an open and modern council the following question:**

“I am pleased to see the Treasury Management Committee is exploring ethical investment. Could the Cabinet member for an Open and Modern Council please comment on the timetable for this piece of work?”

**Councillor Kendrick, the cabinet member for an open and modern council's response:**

“Following discussions at its meeting on 19 September the Scrutiny Committee gave consideration to the issue of ethical and sustainable management of the Councils cash balances and investments. It was originally proposed that a task and finish group would be assigned to the Audit Committee however, it was subsequently agreed that it would be more appropriate for the Treasury Management Committee to undertake this piece of work.

On 5 November the Scrutiny topic form was presented to Treasury Management Committee, and it was agreed that the Committee would consider the issues as part of the normal business of the Committee under the agreed workplan.

On the 7 January Treasury Management Committee received a report setting out the timeline for completing the Scrutiny topic work in April, July and November 2025”

Councillor Huntley confirmed that he did not have a supplementary question.

#### **Question 5**

**Councillor Maguire to ask the cabinet member for a fairer Norwich the following question:**

“Could the Cabinet member for a Fairer Norwich please comment on the evaluation of the Complex Health and Enhanced Community Support (CHESS) Programme procured by the Norwich Health and Wellbeing Partnership?”

**Councillor Giles, the cabinet member for a fairer Norwich's response:**

“Age UK has delivered the Complex Health and Enhanced Community Support (CHESS) programme, which was procured by the Norwich Health and Wellbeing Partnership in 2022 and funded through the Better Care Fund (BCF). Funding was extended in December 2023 and runs to the end of March 2025.

The evaluation report of the CHESS programme illustrates how it has successfully enabled people to stay well, safe and independent, and at home, for longer, leading to an improved quality of life, reducing pressure on urgent and emergency care and acute and social care services. The programme has successfully tackled immediate pressures in delayed discharges and demand for hospital attendance and admissions. Evaluation suggests it has produced sustained outcomes for people discharged from hospital and improved wider system flow.

Key data highlights the following positive impacts:

- 98% had no emergency stay in a residential care home
- 98% were satisfied with the service received, with 92% very or totally satisfied
- 92% not hospitalised during support
- 87% did not have an emergency GP appointment
- 86% had no increase in care packages at home
- 80% did not have a trip or fall

Norfolk County Council have however made the decision not to delegate this power of procurement to district-level Health and Wellbeing Partnerships for 2025-26. Based on the information we have received so far, the County Council are repurposing this funding through their Proactive Intervention

Prevention Programme which is currently being consulted on and a tendering process is underway across districts and sectors.

A final impact report is due in April 2025 at project end. I would like to thank the excellent staff at Age UK who have delivered the CHESS Programme over the past three years.”

In response to Councillor Maguire’s supplementary question Councillor Giles thanked the staff at Age UK for delivering the CHESS programme and the additional welfare benefits that had been generated by Age UK.

## **Question 6**

**Councillor Padda to ask the cabinet member for a prosperous Norwich the following question:**

“The recent festive season saw the Norwich Festive Lights Switch-On at the front of City Hall. Can the Cabinet Member for a prosperous Norwich provide an overview of how the event contributed to engaging the local community, especially with our valued partners, and supported local businesses?”

**Councillor Kidman, the cabinet member for a prosperous Norwich's response:**

“Around 8,000 people gathered outside City Hall to celebrate the start of the festive season and switching on of the lights at this event. Crowds enjoyed local and professional entertainers and a new partnership meant those that were unable to attend could tune in to Future Radio for the live broadcast.

The programme included performances by local groups including Framtastic Gymnastics, Triple Threat Theatre and Catton Grove Primary School. Up-and-coming performer Juliet and local internet-sensation Leon Mallet brought new audiences to the event. Local faith groups, including leaders from the interfaith, Jewish and Christian communities, spoke of hope and celebration. The lights were switched on by Owen Evens and Tark Frimpong, stars of this years’ pantomime at Norwich Theatre Royal.

I’m pleased to say that many market traders stayed open for the event and reported a very successful trading evening. Data from Norwich BID showed an increase of 10,000 people across the city centre compared with 2023 providing valuable income to the evening economy. Event services were provided by local companies wherever possible and these included the stage build, sound and lighting, medical cover, security and traffic management.

It was a wonderful start to the festive season and I’m delighted about the impact it will have had on local businesses, and our community more widely”

Councillor Padda confirmed that there was no supplementary question.

### **Question 7**

**Councillor Harper to ask the cabinet member for housing the following question:**

“Could the Cabinet member for Housing please provide an update on the turnaround of void properties?”

**Councillor Jones, the cabinet member for housing's response:**

“The turnaround of voids over the past nine months has greatly improved with monthly completions exceeding the number of new voids received for much of the year, so positive steps are being made.

The 2024- 2025 financial year started with 210 voids, but we signed off the end of quarter three with just 97 voids – which is the lowest total figure recorded since April 2021. We now anticipate this figure will slowly increase again as we move into quarter four, as historic seasonal trends show January and February as being the busiest months for new voids being received.

The average re-let time for voids had been steadily reducing over the past six months and currently sits at a combined average of 51 days year with this continuing to improve throughout the year. The condition of the returned stock and associated number of required repairs in each void continues to affect the turnaround time.”

As a supplementary question Councillor Harper asked what the performance was for the current month. In response Councillor Jones confirmed that for the month of December the key-to-key turnaround for void properties was 35 days. The Council would not be complacent. Several actions were being undertaken to reduce the time further including things such as allowing viewings to take place when the property was almost finished.

### **Question 8**

**Councillor Mike Sands to ask the cabinet member for a prosperous Norwich the following question:**

“Given the question from a member of the public in September 2024 about the steps the council is taking to create quiet places where people can find calm and reduce sensory overload during our large-scale public events, what measures were taken to ensure there was good, inclusive provision at the very well-attended Festive Lights Switch-On?”

**Councillor Kidman, the cabinet member for a prosperous Norwich's response:**

“The Festive Light Switch On included an accessible viewing area, a quieter viewing area for people who need a little more space to enjoy the stage show, and an indoor quiet room for anyone who became overwhelmed during the event.

The accessible viewing area was extremely popular and 60 spaces were pre-booked and used on the night. An information pack was sent to everyone who pre-booked a space which included details of when and where to arrive, what to expect during the show; for example lighting effects, loud music and pyrotechnics, and facilities available including a nearby accessible toilet. All staff and security were briefed on the location of the quiet spaces and were able to help and direct people as required.

Around 8,000 people came together outside City Hall to celebrate the start of the festive season and the stage programme included local faith groups, including leaders from the interfaith, Jewish and Christian communities.

We continue to work hard to ensure that our events are as accessible as possible, and we're very grateful for the feedback the community provides on this, so we can keep improving."

Councillor Mike Sands confirmed that he did not have a supplementary question.

#### **Question 9**

**Councillor Lubbock to ask the deputy leader and cabinet member for a climate responsive Norwich the following question:**

"Please will the Cabinet Member explain the mistakes made by the Council with regard to the Garden Waste collection that resulted in some households receiving invoices for £65 in December last year, for the period until December 2025?"

**Councillor Hampton, the deputy leader and cabinet member for a climate responsive Norwich's response:**

"The council implemented a new Finance and HR system at the beginning of February 2024 and although system testing was completed we have experienced some teething issues in respect of Garden Waste invoicing. Since these issues were identified Finance, Environmental Services and Customer Contact Centre staff have worked together to resolve them.

The Council has issued letters and communications to residents impacted by the invoicing issues to explain the actions we are taking to resolve them.

We recognise the invoicing issues will have caused concerns for customers and we will continue to work across all departments impacted to ensure the smooth invoicing going forward."

In response to Councillor Lubbock's supplementary question Councillor Hampton said she would need to confirm the exact number of households that had been affected. There were lessons learnt from the experience to ensure that this did not happen again. In regard to Councillor Lubbock's specific case she would confirm with the officers what had happened.

## Question 10

**Councillor Oliver to ask the deputy leader and cabinet member for a climate responsive Norwich the following question:**

“Please could the cabinet member provide an update on the progress for the reopening of the redesigned toilet block at the Jenny Lind Park including plans for environmental benefit?”

**Councillor Hampton, the deputy leader and cabinet member for a climate responsive Norwich's response:**

“In May 2024 we received a comprehensive survey on the current toilet block with a range of proposals – from full restoration to potential demolition. The preferred option is to restore the toilets.

Whilst the cost to carry out the work is approximately £100,000, there is currently no provision for this in the council’s current capital programme. A Business Case is being prepared which will confirm costs and timescales. This will also allow us to resource the project, from both a financial and staffing perspective.”

Councillor Oliver asked as a supplementary question when the business case would be concluded. In response Councillor Hampton said that she would confirm this with officers and provide feedback.

## Question 11

**Councillor Sue Sands to ask the deputy leader and cabinet member for a climate responsive Norwich the following question:**

“News that an individual and their company were fined more than £4000 after admitting three fly-tipping offences in the Magistrates’ Court, following enforcement action by Norwich City Council, shows residents how seriously the council takes such environmental crime. What measures is this council taking to deter and penalise those who fly-tip in our communities?”

**Councillor Hampton, the deputy leader and cabinet member for a climate responsive Norwich's response:**

“The council is using a number of measures to deter and penalise those who fly-tip in our communities.

Enforcement of environmental crime follows the council’s enforcement policy, which specifies a wide range of options available to us, from providing advice and informal warnings, to issuing Fixed Penalty Notices and prosecution. Criteria used by officers in making these decisions include.

- nature and seriousness of the offence(s)

- degree to which the duty holder has broken the law.
- actual harm (or risk of harm) caused by the offence.
- whether the officer has confidence in the duty holder becoming and remaining legally compliant (having regard to the history of compliance, the attitude of the duty holder and the presence or otherwise of any external compliance audit or earned recognition scheme), and
- whether previous advice has been ignored

In addition to the successful prosecution last year, we have increased the number of Fixed Penalty Notices issued, installed CCTV at six fly tipping hotspots to detect and deter fly tipping, upgraded bin stores at fly tipping hotspots, improved engagement with our communities and invested £0.160m in environmental improvements in seven target areas”

As supplementary question Councillor Sue Sands asked whether the cabinet member agreed that the claims around the council’s performance in regard to fly-tipping had been misleading. Councillor Hampton agreed and highlighted that the statistics on the number of PCN’s showed that 40 councils had not issued any fines within that year. The council’s approach to dealing with fly-tipping had changed since 2022/23 so the statistics from that time period were no longer a fair snapshot of the council’s performance.

## **Question 12**

**Councillor Bolton to ask the deputy leader and cabinet member for a climate responsive Norwich the following question:**

“This council is keen to tell us and the media how tough it is on the problem of fly-tipping. This is why I was surprised to find that the council has no fly-tipping enforcement policy whatsoever, as confirmed by officers, even though the corporate enforcement policy states that each service area should have their own policy and procedures for enforcement. Is this why the administration cannot get a grip of fly-tipping?”

**Councillor Hampton, the deputy leader and cabinet member for a climate responsive Norwich's response:**

“The council has invested heavily in tackling fly tipping across the city, including installing CCTV at our fly tipping hotspots, upgrading bin stores, and improving community engagement. An environmental enforcement policy has been identified as a critical component of this work, and work has begun on this. We anticipate that this work will be complete in the coming months.

In the meantime, we continue to investigate all fly tipping incidents where we have evidence that allows us to pursue this. In the last 8 months we have



carried out over 50 investigations in accordance with the council's overarching enforcement policy."

In response to Councillor Bolton's supplementary question Councillor Hampton said she would need to confirm whether details of the investigations could be shared. In regard to a zero-tolerance policy she would need to liaise with Councillor Bolton to understand what was meant in this context. The council operated within the Government's guidelines to ensure that any fines were proportionate. Where fly-tipping was done by trades and businesses this would be a zero-tolerance approach but where fly-tipping had been done by households an educational approach would be more appropriate.

### **Question 13**

**Councillor Champion to ask the deputy leader and cabinet member for a climate responsive Norwich the following question:**

"Since May 2023, there have been over 150 reports of illegal parking at Lavengro Road/Campbell Court. Despite this, only 1 PCN has been issued. Conversations with officers have made it clear that our illegal parking form has been rendered useless because West Norfolk & Kings Lynn Council send reports through in batches, meaning cars are no longer there and officers cannot be responsive. PCN revenue is being lost and hotspots for illegal parking are allowed to get worse and worse. What action is the council taking to rectify this issue?"

**Councillor Hampton, the deputy leader and cabinet member for a climate responsive Norwich's response:**

"The council is aware of the issues raised and have increased the number of proactive visits taking place at Lavengro Road / Campbell Court.

Since October 2024 Civil Enforcement Officers (CEO's) have made 17 visits to this location, with three penalty charge notices (PCN's) being issued on 7 December, 27 December and 31 December.

Conversations are taking place between Norwich City Council, Norfolk County Council and Parking Operations over illegal parking reports, how they are being triaged and how they are being sent through to Norwich City Council for distribution to CEO's. These conversations are ongoing. Additionally CEO patrol areas are being reviewed to ensure 'outer beats' (which Lavengro Road/Campbell Court are included within) receive an increased amount of patrols in the future."

As a supplementary question Councillor Champion asked what an acceptable level of delay would be. In response Councillor Hampton said that no delay was the ideal however the council needed to work with partners to ensure that the street

environment would be more pleasant for everyone. Work would be undertaken to reduce the delay.

#### **Question 14**

**Councillor Hoechner to ask the deputy leader and cabinet member for a climate responsive Norwich the following question:**

“Norwich City Council has been struggling to meet its targets for improved recycling and composting rates for some years. Now we have learned that due to high contamination rates, all city centre bins are automatically treated as general waste. We have checked with experts and other cities with clearer bin labelling do not have this issue. Sadly, most of these large metal litter 'dual' bins in the city centre are also noticeably filthy even though they are quite new, covered in stickers and stains and dirt and not a credit to us. Currently there is no schedule as to when they are cleaned. Will you commit to making sure that the city centre bins are upgraded: put on a regular effective cleaning regime as soon as possible, and clearly relabelled so that the contents can be properly disposed of, and thus recycled?”

**Councillor Hampton, the deputy leader and cabinet member for a climate responsive Norwich's response:**

“The council has almost 100 litter bins in the city centre, and they are emptied up to three times a day, seven days per week.

Over the last three months we have been reviewing the condition of these bins, including their cleanliness, and have developed a replacement programme that we aim to complete by the beginning of April. This work has been funded by the UK Shared Prosperity fund and will significantly improve opportunities for residents and visitors to dispose of their waste responsibly, as well as improving the cleanliness and appearance of the city centre.

In the meantime, we have also recognised that the cleanliness of the litter bins is unsatisfactory and are about to implement a programme that will ensure that the bins are cleaned on a regular basis.”

Councillor Hoechner asked for clarity on how the changes would improve the recycling rates. In response Councillor Hampton confirmed that the better signage would improve behaviours. The council was researching how other cities approached this issue to improve the recycling rates of city centre bins, especially considering the likely contamination that occurred.

## Question 15

**Councillor Young to ask the deputy leader and cabinet member for a climate responsive Norwich the following question:**

“Residents have been contacting ward councillors concerned about the council's decision to stop locking the gates of Heigham Park and Earlham Cemetery, prompted by their concerns over a lack of consultation from the council, and their fears of increased anti-social behaviour and compromised security. Ward councillors contacted the cabinet member about this by email on 26 November and have since reminded her and followed up in person but have had no response. We have heard from residents that the cemetery is apparently to be locked again now, but Heigham Park not. Why the change of heart for one but not the other?”

**Councillor Hampton, the deputy leader and cabinet member for a climate responsive Norwich's response:**

“Until November 2024, all of the city's parks except Heigham Park, Waterloo Park, and Wensum Park were left open to the public 24 hours a day. Parks left open included flagship parks such as Eaton Park, Chapelfield Park and Earlham Park.

We continuously review our approach to providing access to our parks and cemeteries to members of the public. The decision to leave the gates open at Heigham Park and Earlham Cemetery was based on this continuous review.

Since introducing the new approach, the council has monitored the situation at Heigham Park and Earlham Cemetery in liaison with elected members, residents, businesses and community groups. We are not aware of any recorded incidents of anti-social behaviour at Heigham Park or Earlham Cemetery. With regards to Earlham Cemetery, there are particular religious sensitivities within the cemetery, and a decision was taken to re-introduce locking of the gates there.

In the meantime, the Council is monitoring the situation across all of our parks in liaison with police and the council's Anti-Social Behaviour team. We are also reviewed the experience of other councils across the country that leave their parks open.”

In response to Councillor Young's supplementary question Councillor Hampton confirmed that she would be happy to meet with ward councillors to discuss the issues and encouraged councillors and residents to report issues to the council so they could be tracked more effectively and could inform future policy decisions.

## Question 16

**Councillor Galvin to ask the deputy leader and cabinet member for a climate responsive Norwich the following question:**

“The Island community group has done regular litter picks of its area and routinely gathers over six sacks of litter. The area around Distillery Square, just off Dereham Rd by the shops is particularly bad for littering. There are a dozen or more shops including food outlets, and just one standard size bin which often becomes full, with the litter blowing out and about. Residents are trying to make this area nicer, including with the help of local shop owners. Last February, Green councillors asked if the square have a larger size bin such as the ones outside city hall to assist in keeping the area tidy. We were pleased that the suggestion was received positively by officers, however nearly a year on the bin is still not in place despite assurances. Is the cabinet member happy with the time taken to do this?”

**Councillor Hampton, the deputy leader and cabinet member for a climate responsive Norwich's response:**

“A significantly larger bin is scheduled to be installed at Distillery Square during week commencing 20 January 2025. Whilst this has not been as straightforward as it would appear, the length of time this has taken is not how we would wish to respond to residents’ wanting to take ownership of their local environment. The matter is being investigated by management within Environment Services, who would be happy to provide a response directly to Councillor Galvin.”

In response to Councillor Galvin’s supplementary question Councillor Hampton said that things should not require them to be raised as a question to council however issues should be brought to the attention of cabinet members to understand the issues so they can be resolved more quickly.

## Question 17

**Councillor Fox to ask the leader of the council the following question:**

“How many homes has Lion Homes (formerly Norwich Regeneration Limited) built for us since we set it up to unlock development opportunities and provide high quality local housing?”

**Councillor Stonard, the leader's response:**

“Thank you for your question.

Since its inception Lion Homes (formerly Norwich Regeneration Limited) has delivered 177 new homes in the city:

- Three Score Phase 2 - 153 homes of which 49 were acquired back by the council's housing revenue account as they were required to be affordable housing.
- Three Score Phase 3 - 24 homes - all of which were acquired by the council's housing revenue account following a successful bid for Government funding.

Lion have also achieved planning permission for the following sites:

- Ber Street - 9 homes all for private sale
- Three Score Phase 4 - 89 homes of which 30 are required to be affordable housing."

As a supplementary question Councillor Fox asked for confirmation on who would be developing Mile Cross, what Lion Homes' involvement would be and what the governance arrangements were in place. As Councillor Stonard was not present a written response would be provided within 10 working days.

## **Question 18**

**Councillor Catt to ask the cabinet member for housing the following question:**

"The new mobile caretaking service that was introduced for council blocks in the city, a service that is paid for weekly by the leaseholders and as a part of council tenants rent, is supposed to operate on a fortnightly basis. Multiple residents have complained about the poor quality of this service and that they do not receive the service as frequently as they are paying for. Officers have now confirmed to me that the service has been operating on a three-weekly basis for some time and will likely continue this way due to staff shortages. Why should council tenants have to put up with an increase in council rents when the council is not able to deliver services like these as they have promised?"

**Councillor Jones, the cabinet member for housing's response:**

"We apologise for any disruption in the services that we provide to tenants and since October 24 we have not been able to offer the fortnightly service due to staff shortages. We will be providing a fortnightly service again from end of March 2025. This service along with any of our other services are kept under constant review to ensure we provide value for money services."

Councillor Catt asked as a supplementary question whether the reduced service would be communicated with residents. In response Councillor Jones said that she would establish what communication had taken place and the council was working on improving channels of communication as letters were not always the appropriate method of contact.

## Question 19

**Councillor Schmierer to ask the cabinet member for a fairer Norwich the following question:**

“Men living in the least deprived areas of Norwich are expected to live 10.5 years longer and women seven years longer than residents living in the most deprived areas. Becoming a Marmot place would inform the Council and its strategic partners to understand the health inequalities in Norwich. I understand work is being done with councils like West Norfolk and King's Lynn which is a Marmot place to ascertain what districts like Norwich can do to reduce health inequalities, but surely if we are serious about tackling health inequalities then committing ourselves to becoming a Marmot place/town would show that we as a council are serious about promoting better health outcomes especially for our poorest residents?”

**Councillor Giles, the cabinet member for a fairer Norwich's response:**

“The Norwich Health and Wellbeing Partnership is already working to a range of Marmot based principles to reduce health inequalities. These include:

- Assessing the extent of inequalities in health and the social determinants of health in Norwich by reviewing actions already happening and scoping the local context for improvement
- Identifying where the system can go further to reduce inequalities and spot where there are gaps in existing actions.
- Evaluating how partners within Norwich can work together more effectively to achieve greater impact and make the needed changes, even in the current challenging financial and resource context.
- Strengthening the health system already in place by building and working on existing provisions and cross sector relationships.
- Implementing new approaches and interventions to tackle health inequalities via the social determinants of health.

Kings Lynn and West Norfolk Council has recently started the process to become a Marmot Town. The Institute of Health Equity (IHE) work with partners over a two-year period to support a collaborative approach to embedding and shaping services around the Marmot Principles across the system. The IHE only work with a maximum of five authorities per year.

In King's Lynn and West Norfolk, this is a tri-partite initiative between the District Council, the Integrated Care Board (ICB) and Public Health at Norfolk

County Council. The IHE ordinarily work with county councils and unitary authorities, and King's Lynn and West Norfolk is the first district council they have worked with after gaining specific consent from the County Council and the ICB.

Costs vary depending on the area and are set by the IHE. We believe this would be in the region of £150,000. There would also be a significant communications and officer requirement from the City Council, while Public Health would require a consultant, a principal, two advanced public health officers and an analyst.

I believe the additional financial and officer resources needed to undertake the Marmot process would be better-placed in the short to medium term focusing on the existing strategies and workstreams to improve health outcomes in Norwich, specifically in the Norwich Reducing Inequality Target Areas (RITAs). Partners in the Norwich Health and Wellbeing Partnership are working well together to produce a revised Health and Wellbeing Strategy seeking to address the important issue of reducing health inequalities. This draws on our EDI Strategy and Action Plan, and the draft business plan to implement the Community-led Plan.

It has been agreed at the Integrated Care Partnership that all Norfolk district councils will take the learning from the Kings Lynn and West Norfolk process to inform further health inequalities work in their own districts.

The 15 year Norwich Inclusive Economic Growth Vision does commit Norwich to becoming a Marmot City as a long-term delivery priority. Powers and resources we are seeking through Devolution negotiations for a Greater Norwich may well enhance our ability to deliver this."

Supplementary Question:

The 15-year Norwich Inclusive Economic Growth Vision does commit Norwich to becoming a Marmot City as a long-term delivery priority. I feel that a 15-year delivery aspiration cannot really be called a priority. I do note that Norwich is one of only 14 authorities with significant inequalities in female life expectancies and a recent report found that Norwich residents had faced the highest decrease in spending power by councils funding services like housing that effect drivers of health and equalities.

So could I urge you into making Norwich a Marmot City as an immediate priority rather than a 15-year aspiration.

As a supplementary question Councillor Schmierer asked whether in line with the 15-year Norwich Inclusive Economic Growth Vision the council would prioritise becoming a Marmot City. In response Councillor Giles said that the council had chosen to embed some of the learnings from Kings Lynn within the Equality,

Diversity and Inclusion (EDI) strategy and action plan and the draft business plan to implement the council's community-led plan "We are Norwich". The Norwich and Health Wellbeing strategy was being revised and the values and principles of Marmot places would feed into the strategy.

## **Question 20**

**Councillor Calvert to ask the cabinet member for housing the following question:**

"It was recently revealed that this council was failing to issue HMO licenses within 5 months of the application being submitted. What accounts for this regulatory failing?"

**Councillor Jones, the cabinet member for housing's response:**

"There are no regulations in place which set a time scale to process an HMO licence application, however, good practice indicates that all valid applications should be determined within 20 weeks of receipt. This is the standard to which the Council works. This requires the full co-operation of the applicant with the council's requirements for determining a licence application.

Each case will require different processes to be completed before issuing a decision and will be dependent on the applicant supplying the required information and necessary payments within timescales. Further, that no representations are made which would require a further period of consultation to be undertaken. Where information or payments are late, or representations are made, then this could extend the time it takes to process the application.

Due to legislative changes in 2018 a significant backlog of applications arose, which, due to inefficient systems has been difficult to process quickly. An important piece of work has been done to address backlogs within the service and as of December 2024, 94% of HMOs are now licensed or their current application is within 20 weeks of receipt.

As part of the wider service digitalisation project the HMO Licensing process is being considered and a new process established which will ensure a more efficient service, better focused on helping the customer through the experience of an application and ensuring the right information is submitted first time to aid the determination of applications in a timely manner."

In response to Councillor Calvert's supplementary question Councillor Jones said that that environmental health officers with a background in private sector housing was particularly challenging to recruit to. Every option was being explored to understand how other resources could be used to support this area, including exploring what elements of the role could be fulfilled by other staff.

## **Question 21**



**Councillor Caine to ask the cabinet member for housing the following question:**

“740 private rented properties currently have an EPC rating below the legal standard of E. Given the cold weather, what is the council doing proactively to ensure that landlords improve the energy efficiency of their properties when they have been given an EPC rating of F or G?”

**Councillor Jones, the cabinet member for housing's response:**

“The Council deals with any issues of excess cold using the powers available to it under the housing Act 2004. These actions can include the service of an improvement notice to bring the energy efficiency of the property up.

As an example, we may require the Installation of a whole house heating system which is capable of economically achieving and maintaining appropriate internal temperatures when the external temperature is minus 1°C.

Such notices can also require improvements to be made to insulation including the loft and improvements/repairs to doors and windows.

Included in the budget setting process is a capital bid to undertake a stock condition survey of private rented homes so we can understand the significance of this issue across the housing stock.

Whilst the above is mainly reactionary work, the Council is also considering ways in which we can engage better with landlords and tenants to educate them on their rights and responsibilities.”

Councillor Caine, as a supplementary question asked whether landlords were being proactively contacted. In response Councillor Jones said that landlords were not proactively contacted but a proposal within the budget for 2025-26 was for a stock condition survey of the private rented sector, this would give the council more clarity on the areas that were most affected. She highlighted that landlords had responsibility to ensure that the properties they owned were maintained properly.

**Question 22**

**Councillor Osborn to ask the cabinet member for a prosperous Norwich the following question:**

“Much like the Queens Hills development fiasco the roads of the much-heralded Goldsmith St development have still not been adopted as public highway 5 years after the completion of the homes leaving Norwich City Council responsible for these private roads. What progress has been made in resolving this dispute with Norfolk County Council?”

**Councillor Kidman, the cabinet member for a prosperous Norwich's response:**

“Thank you for bringing this to my attention.

The adoption of highways on this development was due to be completed through dedication, rather than requiring a section 38 agreement. This was because Highways was managed at the time by the city council, but unfortunately the county council subsequently ended the arrangement and took control back in house. It appears that the dedication wasn't completed prior to this change and therefore the adoption has not been completed.

Unfortunately, this matter hasn't progressed as hoped. Officers have now liaised with colleagues at the county council to understand the steps required to progress this adoption and have engaged with the previous consultant for a fee to complete this work.

I will seek updates on progress over the coming months but in the meantime, the Council will continue to be responsible for maintenance of the roads.”

In response to Councillor Osborn's supplementary question Councillor Kidman said that the decision to end the Norwich Highways Agreement had meant that transport issues within Norwich had worsened and it was hoped that with devolution these issues would be resolved.

### **Question 23**

**Councillor Worley to ask the leader of the council the following question:**

“What kind of assurances can tenants and residents of Norwich have that in the government's dash for unitary councils that Norwich's council housing stock will be protected into the future?”

**Councillor Stonard, the leader's response:**

“The English Devolution White Paper has set out the government's intention to widen and deepen devolution across the whole country and deliver a programme of local government reorganisation – restructuring councils in all two-tier areas to single tier unitary councils. Work is underway with colleagues across Norfolk and Suffolk to explore potential future unitary council models. As this work progresses it will consider all services currently provided by county, city and district councils. You will be aware that there is a motion later on in the agenda, proposed by all four Group leaders, that, if passed, will affirm this council's support for a new unitary authority for the Norwich urban area. I believe such a model will provide the best protection for our housing stock going into the future.

In the meantime, my administration will continue to focus on delivering the best services we can to tenants and residents of Norwich”

As Councillor Worley had sent apologies there was no supplementary question.

**Please note that the following questions are second questions from members and will only be taken if the time taken by questions has not exceeded thirty minutes. This is in line with paragraph 53 of Part 3 of the council's constitution.**

**Question 24**

**Councillor Bolton to ask the deputy leader and cabinet member for a climate responsive Norwich the following question:**

“After the recent arson attack at Bellacre allotments on Dereham Road in December, of which defects in the fencing to the allotment site were reported months before, does the member think it is acceptable that measures were not implemented to reduce the likelihood of this disaster?”

**Councillor Hampton, the deputy leader and cabinet member for a climate responsive Norwich's response:**

“We do not believe that the defect to the fencing was a contributory factor to the incident at Bellacre allotments. Nonetheless, repair works and improvements to the boundaries have been ordered and are due to be completed in early February 2025.”

Councillor Bolton confirmed that he had no supplementary question.

**Question 25**

**Councillor Hoechner to ask the leader of the council the following question:**

“In June 2021, this Council passed a motion on ethical advertising, committing to 'develop and enhance an advertising strategy for Norwich City Council which recognises the harmful effects that junk food, environmentally polluting products and activities, payday lenders, gambling and alcohol can have on local residents.' To date, no such policy has been adopted. Can you please confirm that this policy will be adopted as soon as possible, as stipulated by the motion?”

**Councillor Stonard, the leader's response:**

“Following the motion in June 2021, a brief review was undertaken of the advertising opportunities over which the council has control. This was shown to be significantly limited, the largest area of activity being advertising at bus shelters.

A fifteen-year contract for this was agreed on 8 July 2011. This expires on 7 July 2026, and it will only be at this that time that any real and meaningful change may be realised.

Thus, to ensure that thinking is current, and proposals respond to contemporary and relevant issues effectively, officers have postponed work

on the requirements of the motion until later this year. It is anticipated that this will be complete by calendar-year end, ahead of the bus shelter's contract renewal.

Councillor Hoechner should be reassured that the current contract stipulates that advertising content must align with Advertising Standards Authority (ASA) guidance, so protecting consumers from misleading, harmful, offensive or irresponsible advertising.”

Councillor Hoechner confirmed that she had not supplementary question.



**Committee Name: Council**

**Committee Date: 12/02/2025**

**Report Title: The council's 2025-2026 budget and medium-term financial strategy**

**Portfolio:** Councillor Kendrick, Cabinet member for an open and modern council

**Report from:** Interim chief finance officer (S151)

**Wards:** All Wards

**OPEN PUBLIC ITEM**

**Purpose**

To consider proposals for the council's 2025-2026 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 5 February 2025 for the 2025/26 financial year. Any amendments from Cabinet on 5 February 2025 will follow.

**General Fund**

- i. The council's net revenue budget requirement as £20.850 million for the financial year 2025 - 2026 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 £306.11 (Section 2, paragraph 2.11) 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 £5.5 million (Section 2, paragraph 2.22).
- iv. Delegation to the chief finance officer (S151 Officer) in consultation with the portfolio holder for an open and modern council inclusion of any minor changes consequent on the final local government settlement or additional grant allocations.
- v. 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**

- i. The proposed Housing Revenue Account gross expenditure budget of £80.252m and gross income budgets of £83.191m for 2025-2026 (Section 3, paragraph 12).
- ii. A 2.7% increase in dwelling rents for 2025-2026, in accordance with the government's Rent Standard. This will result in an average weekly rent increase of £2.62 for Norwich social housing tenants (Section 3, paragraphs 13 to 20).
- iii. That garage rents increase by 2.7%, based on CPI in September 2024 plus 1% (Section 3, paragraph 18).
- iv. That the setting of tenants' service charges is delegated to the Executive Director of Communities and Housing in consultation with the portfolio holder for Housing after engagement with tenant representatives (Section 3, paragraph 19)
- v. The prudent minimum level of Housing Revenue Account reserves as £5.848m (Section 3, paragraph 36 and table 3.4).

## **Capital and Commercial Strategy**

- xviii. The proposed general fund capital programme 2025-2026 to 2029-2030 (2025-2026: £29.933m; 5 years: £46.947m) and its method of funding as set out in Section 4, table 4.2, table 4.4 and Appendix 4 (B).
- xix. The proposed HRA capital programme 2025-2026 to 2029-2030 (2025-2026: £37.520m; 5 years: £231.044m) and its method of funding as set out in Section 4, table 4.2, table 4.5 and Appendix 4 (B).
- xx. The capital strategy, as required by CIPFA's Prudential Code.
- xxi. Delegating to Cabinet, approval to include in the capital programme, additional capital schemes funded wholly by grant where it meets the Council's aims.

## **Treasury Management Strategy**

- xxiii. The borrowing strategy 2024/25 through to 2028/29 (Section 5, paragraphs 5.25 to 5.33).
- xxiv. 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.
- xxv. The Minimum Revenue Provision (MRP) policy statement contained in Appendix 5 (Section 5)
- xxvi. The (financial) Investment Strategy 2024/25 including changes to counterparty limits.

## **Summary of key financial indicators**

- xxvii. Indicators for 2025-2026 through to 2029-2030 as contained in section 5.

## **Policy Framework**

The council has five corporate priorities, which are:

- An open and modern council
- A prosperous Norwich.
- A fairer Norwich.
- A climate responsive Norwich.
- A future-proof Norwich

## Report Details

### Background

1. Like all local authorities, Norwich City Council continues to face substantial financial challenges, including but not limited to the need for funding reform, increasing service demand, inflation continuing to run at relatively high levels and the uncertainty of broader economic factors arising from global events and the uncertainty created as a consequence.
2. The impact of these factors on local government are now very evident, with an unprecedented number of local authorities making S114 statements, in effect declaring that they are unable to balance their budgets, and an unprecedented number of local authorities also seeking conversations with the Government about their financial outlook and the possibility of seeking exceptional financial support.
3. The Autumn Budget announced by the Government in October 2024 provided welcome news that funding for local government is to increase in 2025-2026 and in particular that, from 2026-2027, multi-year financial settlements will be reintroduced, which will provide greater certainty and thus support better medium-term financial planning. However it was confirmed that there would be another single year financial settlement for 2025 – 2026, with the Provisional Local Government Financial Settlement, published on 18<sup>th</sup> December 2024, confirming that Norwich City Council's funding would remain broadly neutral. It is within this context and financial uncertainty that the council has developed its budget options for 2025 - 2026 and an approach to ensuring a sustainable medium term financial strategy.
4. The planned review of local government funding announced by the Government, alongside the re-introduction of multi-year financial settlements from 2026 – 2027 onwards provides some optimism that financial planning will be more stable in future, but until the details and specifically the impact upon Norwich City Council become available uncertainty remains. The 2025 – 2026 proposed budget and Medium-Term Financial Strategy (MTFS) reflect a balanced approach to continuing to take advantage of opportunities to improve services and opportunities for Norwich and the uncertainty about future funding and local government policy implemented nationally.

### Summary

5. This report sets out 2025 - 2026 budget proposals across the General Fund, the Housing Revenue Account, and the Capital Programme along with medium term expenditure and financing plans.
6. This report provides an update on the implications from the provisional local government financial settlement and any other related announcements for local authority finances.

### General Fund

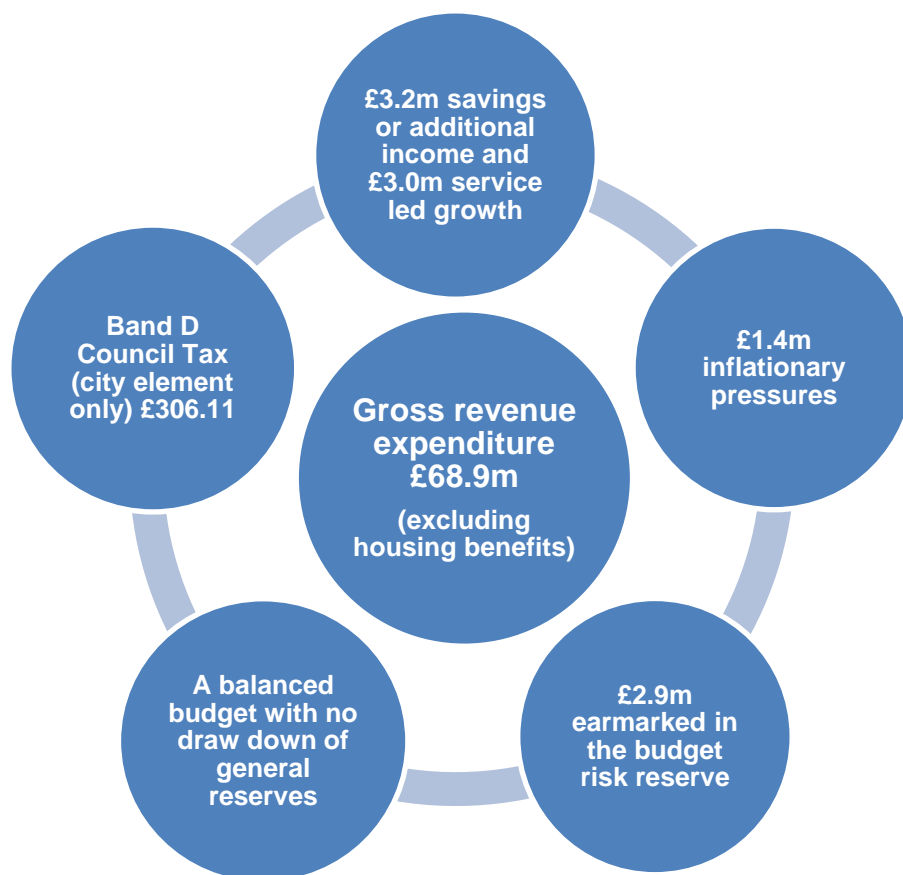
7. The [Autumn Budget](#), the [English Devolution White Paper](#), the [Local government finance policy statement 2025 to 2026](#) and the [Provisional local government finance settlement](#) that there is significant change on the horizon for local government and Norwich City Council, however in terms of 2025 – 2026 it confirmed that there would be a further one year settlement with the

major change being in relation to grant funding and the methodology of their distribution.

8. The changes to the grant funding were broadly neutral for Norwich City Council. The Funding Guarantee and the Services Grant were abolished and replaced by the Recovery Grant. In addition a further round of the New Homes Bonus was confirmed and the Revenue Support Grant was uplifted. The net change for Norwich City Council represents an increase of funding by approximately £27k. This represents a positive outcome for Norwich City Council, recognising that there were significant changes in the distribution of funding overall at a national level, whereby funding was prioritised away from rural areas and instead focused upon areas of deprivation, meaning that there were local authorities who saw significant changes in their funding levels, to which they had to respond at relatively short notice.
9. The Provisional Local Government Finance Settlement confirmed the previous assumption that the referendum level for Council tax increases will remain at 'up to 3%. Inflation remains a challenge, having increased in October 2024 following a reduction in September. Forecasts continue to anticipate a reduction over the medium term. Bank base rates are also anticipated to fall in the medium term, but recently have been maintained at 4.75%, which impacts upon both the rate of return on investments as well as the cost of borrowing.
10. The pressure of the current inflationary levels is continuing to have an impact on council budgets, recognising that the headline Consumer Price Index and Retail Price Index rates represent a basket of items, which don't always reflect the specific market pressures impacting the delivery of local authority services. The possibility that global events and broader economic factors could impact local costs remains a risk that needs to be kept under review.
11. To balance the provisional general fund budget for 2024-2025, £3.2 million of savings and additional income proposals have been identified, the full detail of which is provided in Section 2 of the report.
12. Due to the uncertainty about the impact of the changes proposed for local government finances from 2026 - 2027, the forecasts for 2026 - 2027 onwards within the MTFS should not be taken as robust figures, recognising that they are largely based on the status quo continuing, particularly concerning how much business rates and Council Tax income the city council is able to raise and retain. These forecasts will be monitored and adjusted at least annually, in line with any further Government announcements. However, with the announcement that multi-year settlements will return from 2026 - 2027 it should be possible to make more meaningful future financial plans as part of next year's budget setting.

**Chart 1 - Key figures in 2025/26 proposed general fund revenue budget**





### **Growth**

13. Growth has been focused upon pressures that support the delivery of statutory duties and contractual commitments whilst establishing a sustainable basis for service delivery and improvement. In total these represent an increase of £3 million, with an additional investment of £1.4 million addressing inflation driven budget pressures. This has been achieved without the need to draw down general reserves, maintaining a strong level of General Fund reserves whilst providing earmarked reserves to support the future review of opportunities for service development and/or offsetting strategic risks. Further details of the specific growth items are included within Section 2

### **Savings**

14. Savings or additional income totalling £3.2 million have been identified as a consequence of a rigorous review of existing budgets to identify cashable efficiency savings that don't impact upon service delivery and that both deliverable and sustainable. These proposals have been developed in conjunction with services to ensure that they are fully understood and deliverable, recognising the critical importance of maintaining effective financial control and working collaboratively to ensure that the budget remains the financial reflection of service delivery. Further details of the proposals can be found in Section 2.

### **Income – Fees and Charges**

15. The review of income arising from fees and charges has addressed the issues emerging within the budget management process, as previously

reported to Cabinet. These issues were primarily focused upon car park income resulting from incorrect assumptions about the volume of car parking and consequently the levels of fees being collected. The estimates underpinning these budgeted income streams have been reviewed and updated to reflect expected activity levels which allows for greater levels of modelling around the sensitivity of changes in variable factors. This adjustment has represented a budget pressure in the setting of the 2025 – 2026 budget, however it is also anticipated that other fees and charges income streams will be able to deliver additional funding to support the budget. Further details are available within Section 2.

### **Asset Management (incl. Commercial Rental Income)**

16. The Council has used its asset base to generate around £5m per annum in investment returns. Through carefully managing its existing estate it is anticipated to maintain similar income streams over the next five years.
17. The Council will continue to actively manage and review its asset portfolio to ensure that benefits are maximised and that appropriate and strategic decisions are made about future investments and/or disposals. Capital receipts support the Council to minimise its borrowing, since they provide a potential source of funding for capital programme schemes, which in turn reduces the potential level of debt financing required to be funded from the General Fund.

### **Corporate Items: Capital Financing**

18. The council continues to actively manage its Treasury arrangements. Due to higher cash balances in the near term and high interest rates, it has managed to achieve over £4.5m in investment returns. Now that it is increasingly clear that interest rates will stay high for an extended period, we have been able to reflect those benefits in the Medium-Term Financial Strategy. The medium-term economic forecasts from both the Bank of England and the Office for Budget Responsibility indicate that interest rates are likely to remain around their current level and then fall in the medium term, consequently the council has worked with its treasury advisors to reflect the anticipated impacts for the council across the MTFS timeframe. This position will be kept under regular review to ensure that any changes in circumstances are reflected within both performance monitoring and any updates to the MTFS.
19. The council reviewed its approach to the minimum revenue provision (MRP) during 2023 - 2024; MRP is used to secure resources to repay debt. The MRP is not only prudent, but an important part of the effective governance and risk management associated with the council's finances. After reviewing the MRP Policy again for 2025 - 2026, with advice from the council's treasury advisors (Link), the policy wording has been amended and this approach has been approved by the Treasury Management Committee and Cabinet (January 2025) in light of the recent changes to MRP regulations. The policy will continue to be reviewed in line with regulation and the council will also look to make additional voluntary revenue provision charges to ensure that the charge will always remain affordable and sustainable in budgetary terms.

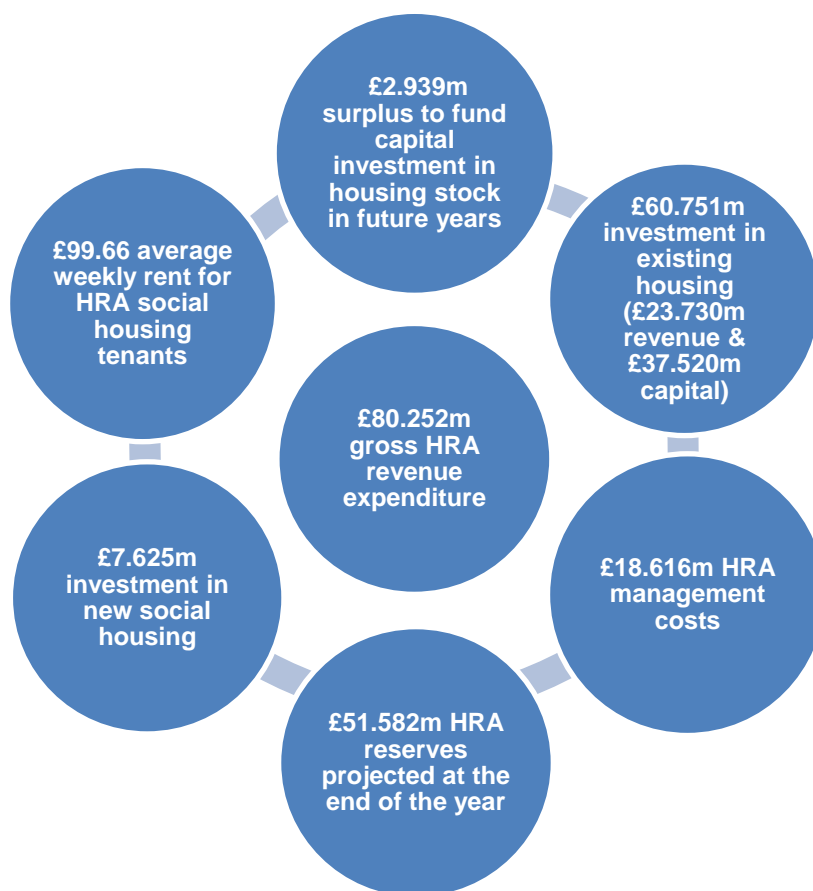
### **Overall approach to balancing the General Fund**

20. The council has undertaken a comprehensive review of existing budgets, reflective of service commitments, the requirement to reflect the impact of external factors, such as pay awards, inflation, statutory responsibilities and the need to maintain a sustainable service delivery and governance structure. To this end, there was a clear focus upon developing proposals that had been challenged internally, both to ensure that estimates for budgets are robust and support the Council's ambitions for both the next financial year and in the context of the changing outlook for local government finances.

### **Housing Revenue Account (HRA)**

21. The council's HRA comprises expenditure and income plans related to the ownership and management of the council's social housing stock.
22. Although the HRA is in a relatively stable position in the short-term, there are future pressures and competing priorities for the budget linked to the council's ambitions around continuing to develop high quality new council housing and maintaining and renewing existing homes. The HRA has also lost significant income from the government's enforced four-year rent reduction enacted in the Welfare Reform and Work Act 2016 and historic lower than average rent levels.
23. The HRA is forecast to make a surplus of income over expenditure of £2.939m in 2025-2026 and it is proposed to retain this within HRA reserves to support the provision of new homes in future years.
24. The government's Rent Standard enables authorities to increase rent annually by up to CPI (Consumer Price Index) as at the preceding September plus 1%. In September 2024, CPI increased by 1.7% which results in a proposed rent increase of 2.7%. An increase of 2.7% will result in the average HRA rent increasing by £2.62. The increase in rents is necessary to fund the council's future ambitions to continue to build new council homes in response to demand and the increasing need to invest in and decarbonise existing homes.

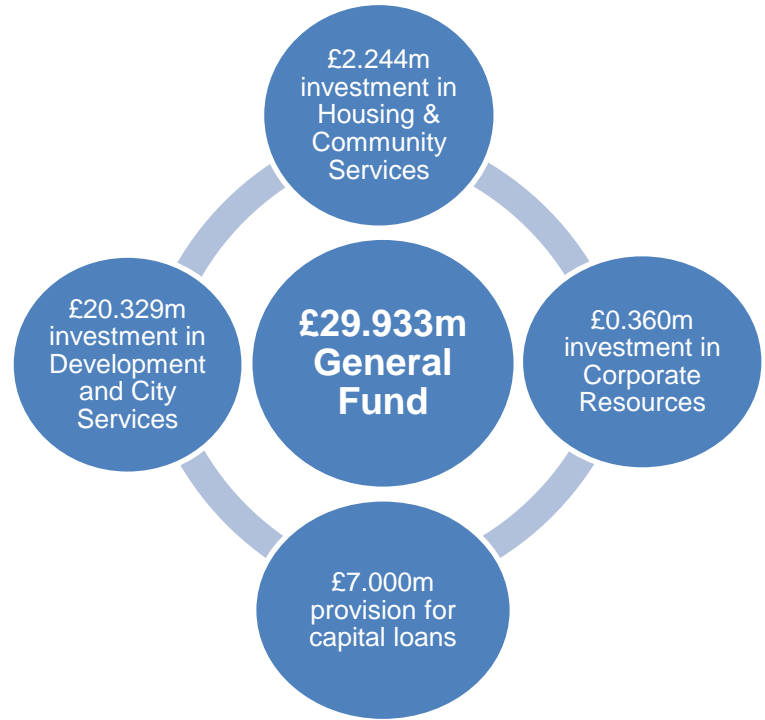
**Chart 2: Key figures in 2025-2026 proposed HRA budget**



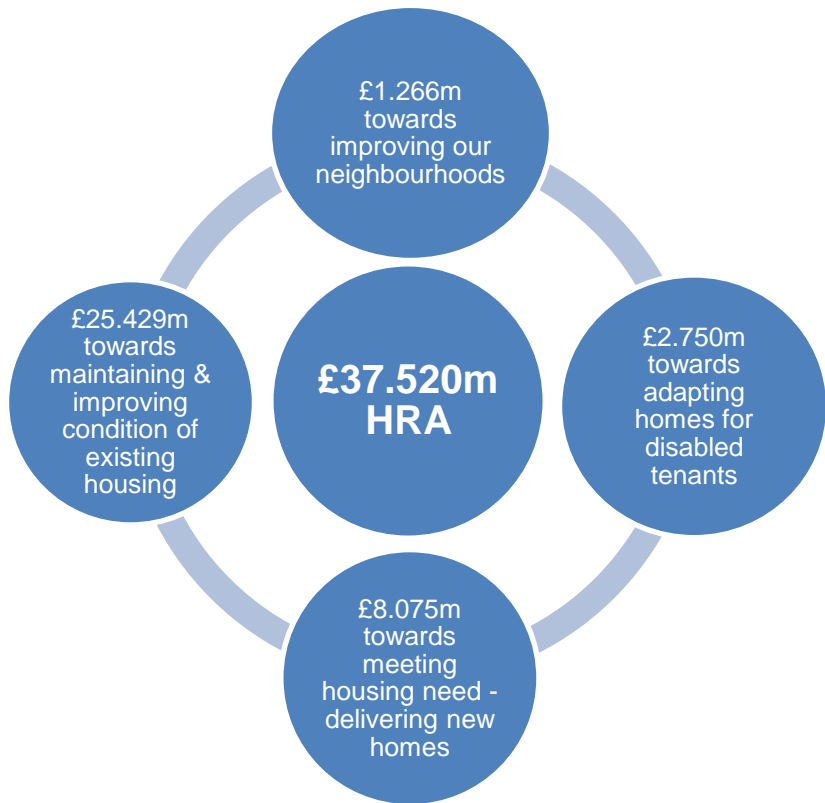
## Capital Programme

25. Across the General Fund and the HRA the council's proposed capital investment programme for 2025-2026 is £67.453m, with £277.990m to be invested over the five years of the programme. An illustration of some of the key projects and programmes can be found in Appendix 4 (B).
26. The proposed financing of the capital programme is also summarised in (Section 4) Tables 4.4 and 4.5 for the General Fund and HRA respectively.

**Chart 3: Illustration of proposals within the general fund capital programme**



**Chart 4: Illustration of proposals within the HRA capital programme**



**Equality Impact of budget proposals**

27. To discharge our public sector equality duty and ensure we have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations we will undertake an initial screening of all budget

proposals to ascertain where there is a possible impact. This will identify those proposals that require a full Equality Impact Assessment or further consultation.

28. An overall Equality Impact Assessment is contained in Section 8. Equality Impact Assessments for specific proposals will be developed as proposals are being finalised. This ensures that the impact is understood and mitigating actions that minimise disadvantage and tackle inequality are identified where possible. There may be some proposals that have implications for council employees for which details of consultation or Equalities Impact Assessments cannot be published owing to data protection or employment legislation.
29. Information on the residents of the city as well as council customers and employees can be found in the annual Equality Information Report published on the council's website.

### **The council's approach to financial planning**

30. The council's approach to financial planning and budgeting across all its activities is underpinned by the following key principles:
  - A prudent rather than optimistic assessment of future resources and unfunded cost pressures.
  - An approach which identifies and funds pressures in priority services alongside the identification of opportunities for savings and increased investment and makes resources available to invest in services which require it.
  - A prudent and planned use of general reserves to fund expenditure and an annual risk-based assessment of the minimum amount of reserves the council should hold (minimum prudent level).
  - The setting aside of some of the net income arising from commercial property investment into an earmarked reserve to mitigate against the risks inherent in holding these assets.
  - A prudent approach to the amount of reserves held from Collection Fund surpluses given the inherently volatile nature of business rate and council tax collection rates.
  - A prudent approach in estimating future income from business rates and council tax, and the growth in the tax bases, given that changes to the local government funding regime could impact on the former, and both taxes may be affected by uncertainties surrounding the country's macro-economic position and its potential impact on the local economy.
  - A maximisation of external funding that meets the council's priorities.
  - The holding of relevant contingency budgets at the corporate level to help ensure the council does not overspend in any one year.
  - The full integration of revenue, capital, and treasury management decision making processes to ensure,
    - a. the revenue implications of capital projects are accurately reflected in the MTFs and the annual budget, and
    - b. the authorised borrowing limit is sufficient to fund the council's capital plans whilst being prudent, affordable, and sustainable.
  - The inclusion of the costs of external borrowing to fund capital projects

(interest and Minimum Revenue Provision costs) into the revenue budget, even if in practice the expenditure is temporarily funded from internal borrowing (use of the council's cash holdings).

## **Contents of this budget report**

31. The council's budget and finances are becoming increasingly complex and to understand the full picture Members and key stakeholders need to appreciate the distinctions between revenue and capital expenditure, general fund and the Housing Revenue Account, and the different funding sources and constraints for each, whilst at the same time recognising that they all interconnect and impact on the council's balance sheet position, its cash flows and future borrowing requirements.
32. In addition, regulatory codes of practice require Members to form views on the council's proposed approach to commercial investments, its lending to third parties including its wholly owned subsidiary companies, and its equity investments whilst understanding financial indicators showing the risks, proportionality and affordability of the commercial activities being proposed.
33. This report comprises a series of interlinked and comprehensive papers setting out proposals for the 2025-2026 budget along with medium term expenditure and financing plans across the whole of the city council's activities. Members may wish to consider each section in turn. A brief explanation of the contents is shown below.

### **1: Local Government Finance Settlement**

This gives a summary of the provisional local government finance settlement.

### **2: General Fund 2025-2026 budget and MTFS**

This sets out the proposed general fund revenue budget and its financing for 2025-2026, including the proposed Council Tax for 2025-2026, along with a forecast of the medium-term position.

### **3: Housing Revenue Account 2025-2026 Budget**

Contains expenditure and income proposals that relate to the ownership and management of the council's social housing stock, including 2025-2026 rental charges for tenants.

### **4: Capital and Commercial Strategy (including capital programme)**

A requirement of CIPFA's Prudential Code, the Strategy sets out the council's budget and preliminary plan for capital expenditure over the next five years along with how it will be financed and delivered.

It also includes the council's non-financial investment strategy. This is a requirement of Department for Levelling Up, Housing & Communities Investment Code. The Strategy covers the council's approach to investments in commercial property, as well as its lending and equity investments in third party organisations.

## **5: Treasury Management Strategy**

The strategy sets out proposals and indicators required for the effective management of the City's borrowing, investments and cash flows, its banking, money market and capital market transactions; and the effective control of the risks associated with those activities. This section also provides various indices, required under the Prudential and Investment codes, that allow Members to come to a judgement on the proportionality, affordability, and the extent of its potential risk exposure through the budget proposals, those contained within the capital strategy and the non-financial investments strategy.

## **6: Chief Finance Officer's Statement**

This is a requirement of section 25 of the Local Government Act 2003. It covers the key financial risks facing the council and the chief finance officer's opinion on the robustness of the estimates and the adequacy of the council's reserves.

## **7: Financial glossary**

The budget papers by their very nature contain technical financial terms and concepts. The glossary seeks to provide a list of terms and definitions to explain these.

## **8: EQIA**

The initial cumulative impact of the budget proposals are considered in this section prior to individual consultations and impact assessments being undertaken where necessary and before implementation.

## **Public Consultation and next steps**

34. A public consultation took place between 12 December 2024 and 12 January 2025. The responses to the consultation are included at Appendix 2(F) of the report. The consultation reflects five pledges that the council has made in relation to the utilisation of the budget to date,

Pledge 1 – Spending money on the services you care about.

Pledge 2 – Making Norwich the best it can be.

Pledge 3 – Making a real difference to people's lives.

Pledge 4 – Caring for our environment and our people.

Pledge 5 – A modern council with services shaped by residents.

35. Tenant Involvement Panel representatives were consulted over the proposed 2.7% increase on 12th December 2024. The impact on both tenants and the long-term viability of the HRA was discussed, but it was recognised that increases are necessary to maintain the level of investment in existing and new homes and delivery of the decarbonisation programme, and the proposed rent increase of 2.7% in line with government guidance was noted.
36. In accordance with the constitution, 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

37. 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 its proposed Corporate Plan and Budget.
38. This report including the separate report sections, presents the council's proposed 2025-2026 budget across all its activities along with its medium-term financial strategy. The financial implications of these proposals are given throughout the report.

### Legal

39. 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.
40. The Council has a legal duty to set a balanced budget before the statutory deadline. The Council's Chief Financial 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

41. The proposed budget 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.

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.
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.

Consideration	Details of any implications and proposed measures to address:
Environmental Impact	The proposed capital investment strategy will provide for improvements to the council's assets and the surrounding environment.

## Risk Management

42. The budget papers clearly outline several financial risks to the council, some of which have increased, considering changes to the wider economic environment.
43. 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.
    - 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.
    - The companies 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 to cover unforeseen events.
  - 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

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

## Background papers:

- [The Council's Provisional 2025-26 Budget & Medium Term Financial Strategy](#)
- [Housing Revenue Account \(HRA\) Business Plan and HRA Budget 2025-2026](#)

## Appendices:

- Section 1: Local Government Finance – Economic and Statutory Context
- Section 2: General Fund – MTFs and 2025-2026 Budget
- Section 3: HRA 2025-2026 Budget
- Section 4: Capital Programme and Capital and Commercial Strategy
- Section 5: Treasury Management Strategy & Key Financial Indicators
- Section 6: Chief Finance Officer's statement
- Section 7: Financial Glossary
- Section 8: Equality Impact Assessment

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# 1. Local Government Finance – Economic & Statutory Context

Item 5

## Autumn Statement & Wider Economy

- 1.1 The Autumn Budget set out the Government's financial plans for the country, including some indications of reform planned for local government funding and broader economic goals. The subsequent publishing of the Local Government Finance Policy Statement and the Provisional Local Government Finance Settlement prior to Christmas 2024, alongside broader policy announcements in relation to prioritising growth, house building, planning reform and devolution has set out a vision where local government will be at the heart of the Government's plans for improving the economic prospects of the UK.
- 1.2 However, in recognition that the General Election took place midway through 2024, the Provisional Local Government Finance Settlement confirmed that there would be a further one year settlement for 2025 – 2026, with more substantial reforms scheduled for the remainder of this parliament. Notwithstanding this, there was an attempt to review the distribution of local government grant funding, replacing the Funding Guarantee and Services Grant with the Recovery Grant and confirmation that there will be a further year of the New Homes Bonus.
- 1.3 On the horizon, the Government has announced more fundamental reform of local government financing with effect from 2026 – 2027, including multi-year financial settlements, which will aid longer term financial planning, as well as a review of fundamentals that will potentially equate to what has previously been referred to as the Fair Funding Review, details are yet to be confirmed but this could potentially include changes to Council Tax, Business Rates and local government grant funding.
- 1.4 Inflation has fallen from the peak reached in 2023 but has risen recently, but is still anticipated to fall back towards the Bank of England target rate of 2% during 2025. The Bank of England base interest rate is a significant route by which the Bank seeks to influence inflation and this is anticipated to fall over the coming financial year.

## Impacts for Local Government

- 1.5 **Council Tax.** The Local Government Finance Policy Statement published in December 2024 confirmed that the Council Tax increase referendum threshold for 2025 - 2026 would remain at 3%.
- 1.6 **Provisional Local Government Finance Settlement.** The provisional local government finance settlement was published by the Ministry for Housing, Communities and Local Government (MHCLG) on 18<sup>th</sup> December 2024. This set out the details of the funding available to support local government in 2025 - 2026 alongside some of the assumptions underpinning the settlement. The final settlement will be published in the near future following the completion of the public consultation period on 15<sup>th</sup> January 2025. There is currently nothing to indicate that there will be any material changes to the settlement as a consequence of the consultation.

- 1.7 **Core Spending Power.** This measures the maximum level of funding available to a local authority, assuming that the maximum increase to Council Tax is adopted by each individual local authority. As such, this is an indicator only, rather than a guarantee, of the resources available. The Government will often refer to the Core Spending Power (CSP) when talking about the resources made available, as distinct from the decisions made locally by individual local authorities in setting Council Tax levels.
- 1.8 CSP also reflects the proposed increases to core grants such as the Services Grant, Funding Guarantee and New Homes Bonus. On the basis of these assumptions, the Government assumed that Norwich City Council's CSP has increased by £1.226 million when compared to the baseline figures of 2015/16 (6.0%). When compared to the CSP for 2024 - 2025, it has increased by £0.584 million (2.8%). The increase is welcomed but it also makes apparent that the funding challenges remain significant relative to budget pressures and service demand.
- 1.9 **The Revenue Support Grant (RSG)** has been increased by 1.7% in line with inflation at September 2024.
- 1.10 **Other Local Government Grant Funding** The Funding Guarantee, introduced for the first time in 2023 – 2024, along with the Services Grant, has been replaced by the Recovery Grant.
- 1.11 **Business Rates** have not been adjusted significantly but are anticipated to be subject to the local government funding reforms in 2026 – 2027.
- 1.12 In the context of the national reforms planned for local government over the remainder of this parliament, the medium term outlook remains challenging, requiring on-going efficiencies and effective financial control and management. Norwich City Council remains in a relatively much healthier position than many local authorities around the country currently, whilst there are some reasons for greater optimism, such as the outlook for Anglia Square redevelopment alongside other opportunities to support economic growth and house building within the city.

## **2. GENERAL FUND 2024-25 BUDGET AND MTFS**

Item 5

### **Forecast 2024 - 2025 Outturn**

- 2.1 The latest estimated outturn position on the General Fund, shows a forecast overspend of around £0.65m. This is primarily as a consequence of inaccurate expectations around income streams relating to car parking, which are addressed as part of the proposed budget for 2025 – 2026 in order to maintain a sustainable position going forwards.
- 2.2 The outlook remains challenging as a consequence of the large number of variable factors over the lifetime of the Medium-Term Financial Strategy (MTFS), including the demand for services, the as yet unknown impact of the comprehensive spending review and reform of local government finance scheduled to take effect in 2026 – 2027 and the potentially significant impacts of the Devolution proposals, as well as the potential macro-economic impact of global events upon the UK's broader economy.
- 2.3 Continued tight financial management will be required in 2025 – 2026 and throughout the life of the MTFS to effectively contain these variable factors and their impact. The proposals within this report are a fundamental part of that financial control, providing a sustainable foundation for service delivery and improvement alongside appropriate provision to guard against future events and to maintain the intrinsic health of the Council's finances.

### **Proposed 2025 - 2026 Revenue Budget**

#### **Savings, growth and investment**

- 2.4 Permanent savings and additional income of £3.2 million have been identified in 2025 - 2026. However, in the later years of the plan there is a cumulative gap indicated; no work has been done to mitigate this gap as the financial planning assumptions for those years' are being made in the absence of details of both the next spending review and the reform of local government finance, consequently predictions about resources and pressures in future years are highly speculative.
- 2.5 The proposed 2025 - 2026 budget currently includes provision for £2.5 million of permanent budget growth (i.e. increases to the budget not arising from inflationary factors). The permanent growth proposed has been identified after an internal review of budgets pressures underpinned by an assessment of the relative priority, which included an assessment of statutory duties, contractual responsibilities and business critical factors alongside the benefits and implications arising as a consequence. Further details relating to these proposals can be seen at Appendix 2 (E) below.
- 2.6 There are also short-term growth proposals amounting to £0.4 million, which are related to business change projects and will be funded from the Business Change Reserve.

#### **Inflation**

- 2.7 There are £1.7m of inflationary pressures included within the 2025 – 2026 budget, which demonstrates the economic volatility that has been experienced across the last twelve months, with CPI having reduced from 6.4% in September 2023 to 1.7% in September 2024. Currently forecasts

around inflation indicate that the 2.0% Government target is likely to be reached in 2025, whilst recognising that there are a number of variable factors that could impact this position.

- 2.8 The council's pay structure is primarily based on national negotiating body pay spines and nationally negotiated settlements. The 2024 - 2025 settlement has been finalised, with staff receiving their backdated increases in November 2024, within the amounts budgeted for. An estimate of payroll inflation has been included within the provisional budget for 2025 - 2026. Given that pay costs form a significant proportion of the council's budget and the uncertainty over future pay awards.
- 2.9 Many of the council's contracts have inflationary increases incorporated within them and therefore any increase in the Consumer Price Index (CPI) and Retail Price Index (RPI) measures potentially creates a pressure on the budget position. Inflationary increases have been applied across the council's main contracts, although there remains a risk that further cost pressures emerge as contracts come up for re-tender.

### **Council Tax & Business Rates**

- 2.10 Any increase in the level of council tax is limited by referendum principles, which for a district council have been set at a maximum of up to 3% for 2025 - 2026.
- 2.11 A 2.99% increase to the Band D rate is proposed in the 2025 - 2026 budget figures (£0.4 million additional income including changes to the taxbase). The proposed 2025 - 2026 Band D rate is therefore £306.11 compared to the current year rate of £297.22 – an increase of £8.89.
- 2.12 This is for the Norwich City Council share of total council tax only and does not include the amounts required from preceptors - Norfolk County Council and the Office of the Police and Crime Commissioner for Norfolk. Appendix 2 (D) shows the proposed increases (for Norwich City Council only) by each Council Tax band.
- 2.13 The figures shown will be reduced, for qualifying council taxpayers, by the council's Council Tax Reduction Scheme (CTR). Currently the total cost of the CTR scheme is £9 million, of which the Norwich share is around £1.3m.
- 2.14 The current estimate of the Council Tax base is 39,166 which combined with the Band D rate gives an expected income of £11.989m in 2025 - 2026.
- 2.15 The forecasts for retained Business Rates income for 2024-25 assumes income in line with the council's baseline funding level as set by government but uprated for the September CPI level of 1.7%. This is consistent with the updated modelling of the impact of changes made to the Business Rates system in the provisional local government finance settlement.
- 2.16 The Council is in a pool that shares the benefits of growth across Norfolk. The MTFs currently assumes that there will be no further changes to the business rate retention scheme for future years, however this may need to be changed subject to the details of local government finance reform scheduled to be announced ahead of 2026 - 2027. Overall, the council is better off from being in a pool than not.



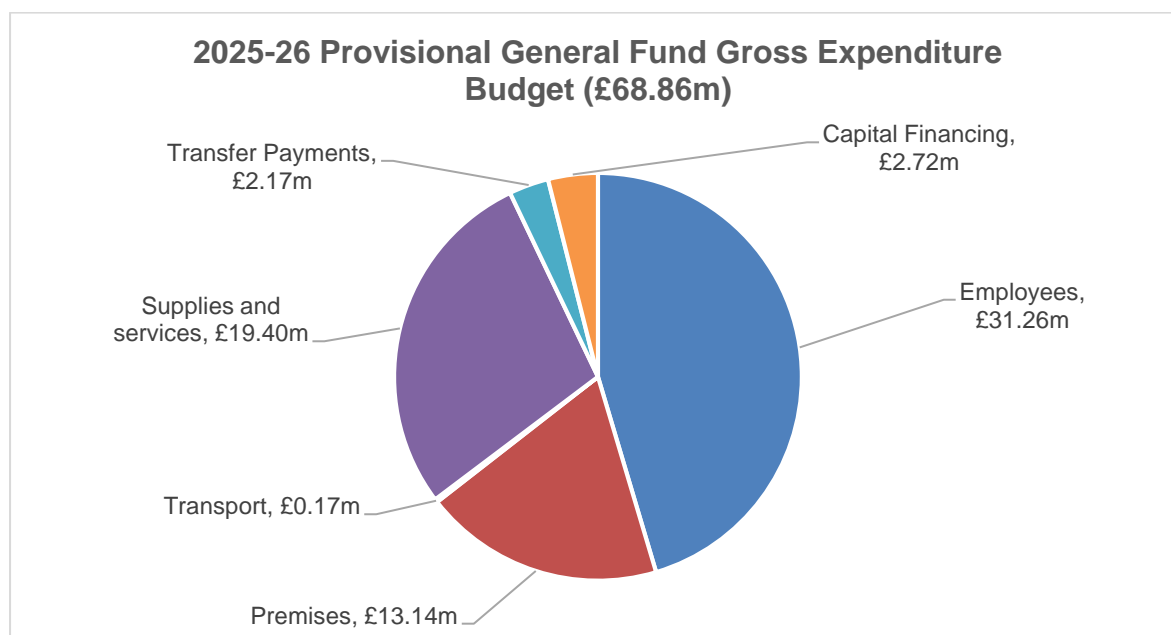
## Grants

- 2.17 The publication of the provisional Local Government Settlement introduced some changes to the way in which grants were allocated nationally. The Services Grant and the Funding Guarantee have been abolished, however the impact of this has been wholly mitigated by the introduction of the Recovery Grant, the confirmation of a further round of the New Homes Bonus and the inflationary increase to the Revenue Support Grant. The net impact of these grant funding changes has been a marginal increase in funding for Norwich City Council of £0.027 million.

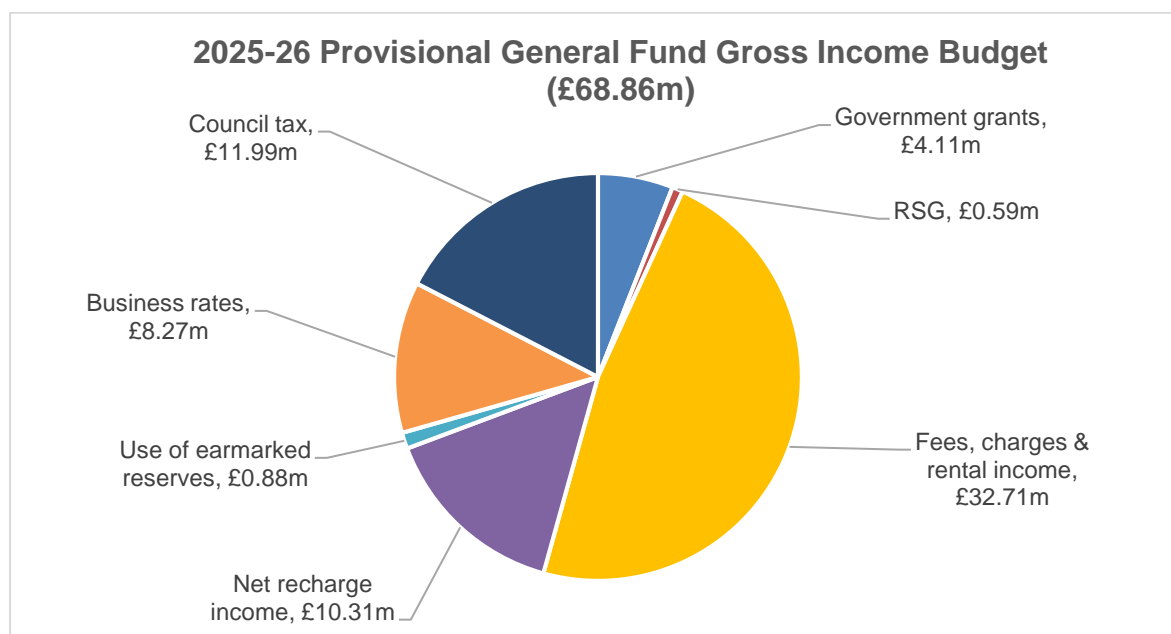
## Budget Risks

- 2.18 At this stage, the combination of uncertainty over the wider economic conditions means the level of risk associated with the provisional budget remains relatively high. Some of the key risks are outlined below which will continue to be closely monitored. The council holds a budget risk reserve (current balance £1.8m) to provide resilience against emerging pressures and delays in the delivery of savings and other unforeseen events.
- **Savings delivery & cost of change.** The budget includes £3.1 million of savings and income proposals for delivery in 2024-25. This is a significant undertaking and will require close monitoring of delivery.
  - **Inflation.** The volatility in inflation continues to pose a risk, which will need to be kept under review. Recent experience of impacts upon inflation driven by international events suggests that there may be a risk of some further volatility in the short-term.
  - **Housing Benefit.** In recent years the council has seen reducing level of Housing Benefit subsidy recovery against its housing benefit expenditure, attributable to continuing growth in rent levels against fixed subsidy caps. The projection is this will continue to worsen over the life of the MTFS. Whilst every council is seeing increased natural migration to Universal Credit, Department of Work & Pensions (DWP) rules mean cases that attract 100% subsidy return are lost to councils, whilst DWP's strategy is to continue to leave temporary, exempt and supported accommodation cases with councils and it is these cases that are subject to punitive subsidy rules. The pressure in relation to exempt accommodation is approximately £0.3 million per annum and is projected to grow further over the life of the MTFS. Along with increased demand and rental market pressures, councils are therefore seeing increased subsidy loss.
  - **Service Pressures.** The economic situation is continuing to put significant financial pressures on local businesses and residents, particularly the most vulnerable. It may also impact on all council income streams including fees and charges and the levels of council tax and business rates collected.

**Chart 2.1: 2025-26 Provisional General Fund Gross Expenditure Budget (excluding housing benefit)**



**Chart 2.2: Provisional General Fund Gross Income Budget (excluding housing benefit)**



## Medium Term Financial Strategy (MTFS)

- 2.19 The MTFS is a forecast of the estimated cost of delivering current services over the next four to five years, compared to the anticipated funding streams to support council services. This results in a projected budget gap

from which the future savings requirements are estimated. However this has proven to be increasingly difficult to undertake with any reasonable level of accuracy, whether because of the absence of multi-year local government financial settlements, the lack of reform of local government funding or the impact of broader economic events which have included the pandemic, the impact of Brexit, the war in Ukraine. There is greater optimism about the predictability of local government funding following the recent Government announcements about both the re-introduction of multi-year settlements and a review of local government funding, but neither of these will be concluded before 2026 – 2027, meaning that it remains almost impossible to forecast the likely funding position beyond the next twelve months. This is likely to be further impacted by developments in relation to the Devolution White Paper published in December 2024.

2.20 Financial planning in relation to both the potential short-term budgetary impacts ahead of 2026 – 2027 and the longer-term impacts of other events will commence early in the new financial year. This will further develop the process adopted for preparing the budget for 2025 – 2026 but also seek to further develop the learning and understanding arising from the annual financial cycle, including the budget management process throughout 2024 – 2025 and the production of the provisional outturn and the Statement of Accounts.

2.21 Notwithstanding the analysis above, the table below provides a broad estimate of how the medium-term position could develop, but at this stage all future projections beyond the next twelve months need to be treated with the utmost caution.

**Table 2.1: Updated Medium Term Financial Position – Figures are in £000s**

Medium Term Financial Strategy	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000
Total Resources	20,850	20,933	21,602	22,297	23,019
Base Budget Requirement b/fwd	20,383	20,850	22,041	22,482	22,931
Potential growth	467	1,191	441	450	459
Revised base budget requirement	20,850	22,041	22,482	22,931	23,390
Required Efficiencies	0	(1,108)	(879)	(634)	(370)
Required Efficiencies (Cumulative)		(1,108)	(1,988)	(2,622)	(2,992)

## General Fund Reserves Position

### General Fund Unallocated Reserve

2.22 The prudent minimum level for the general fund reserve was set at £5.4 million by full Council in February 2024 as part of the budget approval. This has been reviewed as part of the budget setting process and has been increased to £5.5 million. The General Fund unallocated reserve, is

expected to remain at £8.249 million over the life of the Medium-Term Financial Strategy, which remains above the prudent minimum level.

### **General Fund Earmarked Reserves**

- 2.23 On the basis that provisional options have been identified to significantly close the budgetary shortfall in the years 2024-25 to 2028-29 no further drawn downs from general reserves are currently forecast to be required, although given the uncertainty over funding levels further work will be required to address this and any remaining funding shortfalls once financial planning totals become available.
- 2.24 There are some proposals to review some of the earmarked reserves, both to reflect changing circumstances and to provide appropriate levels of flexible funding to respond to future challenges.
- 2.25 To this end it is proposed that the Invest to Save Reserve and the Business Change Reserve are merged to form a single Business Change Reserve. This recognises that all business changes are developed in the context of improving service delivery and whilst they won't always produce cashable savings, they will deliver efficiencies in service delivery and working practices. The challenge to the development of business cases is well developed within the operating model of the council, epitomised by the Design Authority and the Assurance Board approach which is at the heart of project and change management.
- 2.26 It is also proposed that there is a transfer of £1.5 million from the Budget Risk reserve to the Lion Homes reserve, which supports and develops the original rationale and approach in establishing the Lion Homes earmarked reserve as set out below.
- 2.27 In recognition of the number of potential change and major projects that are on the horizon, whether in terms of exploring the feasibility of options for strategic developments, it is proposed that a further £0.5 million be transferred from the Budget Risk reserve into a new earmarked reserve for Feasibility Reviews. This would support specific pieces of work, research, feasibility or viability to support strategic decision making and the delivery of Best Value, thereby strengthening the longer-term financial management of the council. In the event that feasibility was demonstrated, it is anticipated that a full business case would be approved, which might entail either a capital investment and/or the a new Business Change project delivering specified benefits including potential increased income streams or savings.

### **Earmarked Reserves**

- 2.28 The General Fund currently holds several earmarked reserves which are held for specific purposes. The balances held in earmarked reserves are regularly reviewed to assess whether the funds are held at an appropriate level, in particular at the financial year end, as part of the preparation of the statements of accounts the balances reflected within the Balance Sheet will be reconciled including to the final General Fund outturn position. The key reserves and their current balances are summarised in Table 2.2, reflective of the proposed changes detailed above.

**Invest to Save Reserve:** To support the delivery of savings and efficiencies through the Future Shape Norwich Programme over the next 2-3 years.

**Budget Risk Reserve:** To manage the financial risks associated the delivery of the budget savings identified.

**Business Change Reserve:** To fund costs linked to the council's change programme which are not delivering specific savings, for example project management, benchmarking and potential redundancies. It will also support training and development of our workforce to ensure we have the skills required to deliver the ambitions of the Council.

**Commercial Property Reserve:** Established to reduce the risks associated with holding commercial property by providing funding for any future void and rent-free periods as well as repairs and upgrades to the investment portfolio.

**Insurance Reserve:** This is to cover the excesses carried in respect of claims under various insurance policies and is subject to annual review.

**Lion Homes Reserve:** Originally established to smooth any fluctuations in net income received by the Council from lending to Lion Homes. The reserve level was increased to mitigate against any potential future Minimum Revenue Provision charges required to cover for estimated non-recovery of the loan balance.

**Collection Fund Equalisation Reserve:** Unutilised balance of S31 grant monies received in prior years from Central Government to fund Business Rates reliefs.

This will be used to manage the volatility in Collection Fund movements due to timing issues of Section 31 Grants and weakening of the business rate base over the early period of the Medium-Term Financial Strategy.

**Revenue Grants Unapplied:** Holds grants and contributions received which have yet to be applied to meet expenditure. The use of the balance is restricted and can only be used to fund the specific service area awarded the grant income.

**General Fund Repairs Reserve:** To provide future funding for required maintenance on general fund properties.

**Business Rates Pool Reserve:** This reserve is to support future spend in line with the economic development objectives of the fund.

**Capital Financing Reserve:** A reserve to hold the resources necessary to manage any additional voluntary revenue provision requirements or to fund future capital expenditure.

**Table 2.2: General Fund Earmarked Reserve Balances**

General Fund Earmarked Reserves	Balance as at 31 March 2024 £000	Estimated Balance as at 1 April 2025 £000
Budget Risk	6,019	2,876
Revenue Grants Unexpended	3,875	3,875
Lion Homes	3,000	4,500
Business Change	2,923	2,628

GF Invest to Save	1,810	1,810
Commercial Property	1,716	819
S31 Earmarked Reserve	629	629
Neighbourhood CIL	613	485
Repairs	529	529
Insurance Reserve	311	311
Elections	113	113
Business Rates Pool	110	110
Mousehold Conservators Reserve	35	35
<b>Total (£000)</b>	<b>21,683</b>	<b>18,720</b>

## Appendix 2 (A): Movements from the approved 2024-25 base budget

	<b>£000</b>
<b>2024-25 Budget Resources</b>	<b>(20,383)</b>
<b>Budget movements:</b>	
Increase in council tax income	(400)
Movement in revenue support grant	(66)
<b>2025-26 Budget Resources</b>	<b>(20,850)</b>

<b>2024-25 Budget Requirement</b>	<b>20,383</b>
<b>Budget movements</b>	
Reversal of one-off items in the 24-25 budget and base adjustments	(57)
Additional use of ear-marked reserves	(648)
Inflation	1,379
Reduction in grant income	59
Other movements and recharges	(78)
Savings & additional income	(3,182)
Growth & reduction in income	2,992
<b>2025-26 Budget Requirement</b>	<b>20,850</b>

## Appendix 2 (B): 2025-26 provisional budget by subjective group

<b>Subjective group</b>	<b>Budget 2024-25 £000</b>	<b>Budget 2025-26 £000</b>	<b>Movement £000</b>
Employees	30,620	31,257	637
Premises	12,642	13,140	498
Transport	209	171	(37)
Supplies & services	19,329	19,402	72
Transfer Payments	40,530	40,530	0
Capital financing	3,233	2,716	(518)
<b>Gross expenditure</b>	<b>106,564</b>	<b>107,216</b>	<b>652</b>
Government grants	(42,227)	(42,205)	22
Fees, charges & rental income	(33,735)	(32,966)	769
Net recharge income	(9,982)	(10,312)	(330)
<b>Gross income</b>	<b>(85,945)</b>	<b>(85,483)</b>	<b>462</b>
Contribution from General Reserves	0	0	0
Contribution from Earmarked Reserves	(236)	(884)	(648)
<b>Total Budgetary Requirement</b>	<b>20,383</b>	<b>20,850</b>	<b>466</b>

## Appendix 2 (C): 2025-26 provisional General Fund budget by service

	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
<b>Chief Executive</b>	<b>261</b>	<b>0</b>	<b>261</b>
<b>Corporate Financing</b>	<b>25</b>	<b>(6,397)</b>	<b>(6,372)</b>
Environment Services	19,083	(14,721)	4,362
Property & Economic Development	8,345	(7,519)	826
Planning & Regulatory Services	5,275	(2,367)	2,908
Development & City Services Management	702	0	702
<b>Development &amp; City Services Total</b>	<b>33,405</b>	<b>(24,607)</b>	<b>8,798</b>
Housing & Communities	8,111	(6,520)	1,591
Strategy, Engagement & Culture	4,672	(1,776)	2,896
<b>Housing &amp; Communities Total</b>	<b>12,783</b>	<b>(8,297)</b>	<b>4,486</b>
Resources Management	588	0	588
Legal & Procurement	2,673	(1,011)	1,663
Transformation	385	(132)	253
Customers, IT & Digital	8,370	(3,333)	5,037
Finance, Audit & Risk	3,552	(1,660)	1,892
Director of Finance	405	0	405
Revenues & Benefits	43,743	(39,740)	4,003
HR & Organisational Development	1,025	(306)	720
<b>Resources Total</b>	<b>60,742</b>	<b>(46,182)</b>	<b>14,560</b>

<b>Total General Fund</b>	<b>107,216</b>	<b>(85,482)</b>	<b>21,733</b>
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Contribution from Earmarked Reserves		(884)	(884)
<b>Budget Requirement</b>	<b>107,216</b>	<b>(86,366)</b>	<b>20,850</b>

Revenue Support Grant		(589)	(589)
Business Rates Retained Income		(8,271)	(8,271)
Council Tax Income		(11,989)	(11,989)
<b>Budget Resources</b>		<b>(20,850)</b>	<b>(20,850)</b>



## Appendix 2 (D): Council Tax

### Proposed Norwich City Council tax increases 2024-25 to 2025-26, Bands A to H

Band	A	B	C	D	E	F	G	H
<b>2024-25</b>	£198.15	£231.17	£264.20	£297.22	£363.27	£429.32	£495.37	£594.44
<b>Increase</b>	£5.92	£6.92	£7.90	£8.89	£10.86	£12.84	£14.81	£17.78
<b>2025-26</b>	£204.07	£238.09	£272.10	£306.11	£374.13	£442.16	£510.18	£612.22

## Appendix 2 (E): Growth, Savings and Changes in Income excluding inflationary increases

### Growth Items

Permanent growth	
Item	Amount £000
Interest	339
Insurance policies premium and cover	405
IT contracts	202
Finance restructure	173
Licensing post	63
Risk & Insurance	53
Hay Hill	45
TfN subscription	40
Committee management system	29
Leisure Centre Energy Benchmarking	25
Planning enforcement	24
Asset Valuations	24
Health & Safety	37
NODA subscription	10
DBS checks	5
Increased rent	3
	<b>1,476</b>

**Interest** £339,000 reflects the increased level of interest liabilities that the Council will need to fund in 2025 – 2026.

**Insurance Premiums** £405,000 reflects the increase in the cost of insurance premiums arising from changes in cover offered by policies.

**IT Contracts** £202,000 reflecting the increased costs associated with IT contracts renewed or re-tendered during 2024 – 2025.

**Finance Restructure** £173,000 following a review of the capacity, skills and knowledge required to deliver the making the necessary arrangements for local financial and management controls in line with Section 151 statutory responsibilities under the Local Government Act 1972.

**Licensing** £63,000 additional post to support delivery of statutory duties within Regulatory Services.

**Risk & Insurance** £53,000 to provide additional expertise and capacity in relation to the on-going management of risk and insurance activities, reflective of the rapidly changing levels of change in both risks and the market for insurance.

**Hay Hill Maintenance** £45,000 reflective of the costs to maintain Hay Hill following the completion of the recent improvements.

**Transport for Norwich** £40,000 reflecting the cost of subscription to the programme of works led by Norfolk County Council on behalf of all the Greater Norwich local authorities to improve accessibility by all forms of transport around the city.

**Committee Management System** £29,000 to support the modernisation and efficient operation of the Council's committee support service, in particular modernising the way in which committee agendas can be published and accessed.

**Leisure Centre Contract Management Fee** £25,000 reflective of contractual commitments to benchmark energy costs.

**Planning Enforcement** £24,000 ensuring that there is sufficient capacity to meet statutory responsibilities.

**Asset Valuations** £24,000 to meet statutory responsibilities in line with financial reporting standards underpinning the production of the annual Statement of Accounts.

**Health & Safety** £37,000 reflective of meeting statutory responsibilities relating to public events sponsored by the council.

**Norfolk Office of Data Analytics (NODA) Subscription** £10,000 a service led by Norfolk County Council which supports insight and strategic decision making across Norfolk public sector organisations via collaborative working.

**Disclosure & Barring Service Checks** £5,000 supporting appropriate arrangements for safer recruitment.

**Increased Rent** £3,000 reflective of a rent review for a building utilised by the council.

Reduction in income	
Item	Amount £000
Car park income	432
SLA income	297
Grant funding ended	63
Learning & Development Courses	10
	<b>802</b>

**Car Park Income** £425,000 budget adjustment to amend previously unachievable income target.

**SLA Income** £283,000 reduced level of service provided to partners offset by savings derived from vacancies arising from the transfer.

**Learning & Development Courses** £10,000 income target unachievable.

**Minimum Revenue Provision (MRP) & Capital Financing** £189,000 reflecting the increased costs arising from borrowing to support the capital programme investments and the consequent effects upon the statutory MRP required.

### Short-Term Growth

Short term growth	
Item	Amount £000
Stock condition survey.	250
East Norwich Masterplan	53
Planning and regulatory services digitisation	65
Property	13
	<b>382</b>

**Stock Condition Survey** £250,000 to commission an updated survey of private sector housing stock to support effective future planning and decision making.

**East Norwich Masterplan** £53,000 additional capacity to support the development and production of the East Norwich Masterplan.

**Planning & Regulatory Services Digitisation Project** £65,000 to support the implementation of this project, which will support the service to modernise working practices and improve service delivery.

**Property** £13,000 supporting the preservation of a listed property.

### Savings and Changes in Income

Item	Amount £000
Increased Government Funding	(412)
Restructuring Savings	(681)
Contract Savings	(903)
Budget Efficiencies	(229)
Contingency Fund	(200)
Pension Deficit Recovery	(150)
Vacancy Factor	(150)
Community Grants	(25)
Savings on Citizen magazine	(20)
	<b>(2,770)</b>

**Increased Government Funding** £412,000 Additional funding provided by the Government over and above the level anticipated to support the implementation of enhanced provider recycling.

**Restructuring Savings** £681,000 reflecting the aggregated savings arising from restructures undertaken across the Council during the course of 2024 – 2025 and recognised as budget savings within 2025 – 2026.

**Contract Savings** £903,000 reflecting the aggregated savings arising from contractual changes and efficiencies.

**Budget Efficiencies** £229,000 reflecting the aggregated savings arising from a review of existing expenditure patterns and sustainable reductions evidenced over time.

**Contingency Fund** £200,000 saving arising from the review of budget pressures and earmarked reserves.

**Pension Deficit Recovery** £150,000 recognising the reduction in the NCC Pension Deficit liabilities.

**Vacancy Factor** £150,000 increasing the vacancy factor to reflect the experience of recent years.

**Community Grants** £25,000 reflecting proposed reductions in funding to community organisations.

**Savings on Citizen magazine** £20,000 feasibility work underway to identify the best option going forward.

## Appendix 2 (F): Consultation responses on the proposed budget for 2025 - 2026



### Budget 2025-26: a citywide conversation

#### Overview

The 2025-26 survey, which ran from 12 December 2024 to 12 January 2025, was hosted on the council's consultation and engagement website 'Get Talking Norwich' (GTN).

To help inform people's views, key documents and other visuals were hosted on GTN including infographics setting out the council's five budget pledges and others illustrating its core services and what they deliver for residents.

Web visitors were also able to access the council's [provisional budget and medium-term financial strategy 2025-26](#) and its community-led plan 2024-29 '[We are Norwich](#)' to provide a more strategic overview.

This year's survey resulted in **2,176 responses** – comparing favourably to the average of 1,427 responses over the last seven years. This shows a positive level of engagement.

The survey focused on [five key budget pledges](#):

1. Spending money on the local services that residents and communities value most.
2. Making Norwich the very best it can be through investment in major projects.
3. Making a real difference to people's lives as part of our wider work to reduce inequalities.
4. Caring for our environment and our people.

5. Becoming a modern council with services shaped by residents.

### **Extensive promotion of the survey**

Direct engagement was encouraged from colleagues, elected members, residents, partners/key stakeholders and wider service users using various channels and engagement methods, both internally and externally.

### **External engagement activities**

- Text alerts sent to 120,000 residents/service users
- Direct emails to approximately 4,000 residents/service users
- Article in winter edition of Citizen magazine, distributed to 68,000 homes
- Social media campaign
- Email to partners/businesses/community groups
- Video from the leader of the council posted on the council's social media platforms
- News article published on council's website
- News release issued to local media
- Targeted promotion of the online survey also took place through partner networks, including financial inclusion partners, inclusion and accessibility advocacy groups, VCSE partners and community groups, the business community, the cultural and creative sector and public health.

### **Internal engagement activities**

- Direct email to all elected members following the launch of the survey
- Council-wide email to colleagues
- Intranet article on citynet
- Viva Engage posts – the council's colleague-wide networking platform

### **Key findings\***

- People love Norwich as a place to live – 67% reported being happy/very happy with Norwich as a place to live, work and visit.
- The majority of people (64%) are supportive/very supportive of our investment approach to services and major projects for the city.
- 50% of people were in favour of increasing the city council's share of council tax by 2.99% to safeguard services while 30% were against this

approach.

- People were equally happy/unhappy with the way the council delivers its services (33% and 32% respectively).
- People were marginally opposed (39%) to the council increasing some of its fees and charges to bring in extra income to fund services compared to being in support of this approach (36%).
- Overall, people were similarly happy (30%) versus unhappy (28%) with how the council keeps them informed about the services and benefits it provides.

(\* these relate to questions 2 to 7 in the survey – see further down in the report for detailed data)

## Detailed survey results

The following section of the report breaks down the survey responses by question. A short paragraph supplements some of the graphs and tables provided to highlight notable trends.

All percentages throughout this report are rounded to the nearest whole number (e.g. 8.5% is presented as 9% and 19.4% is presented as 19%). Where rounding low figures down to the nearest whole number would result in 0%, this is presented as '<1%' to clearly indicate that the percentage is small but not zero.

These rounding practices do not affect data quality but may result in the percentages for some questions not totalling 100.

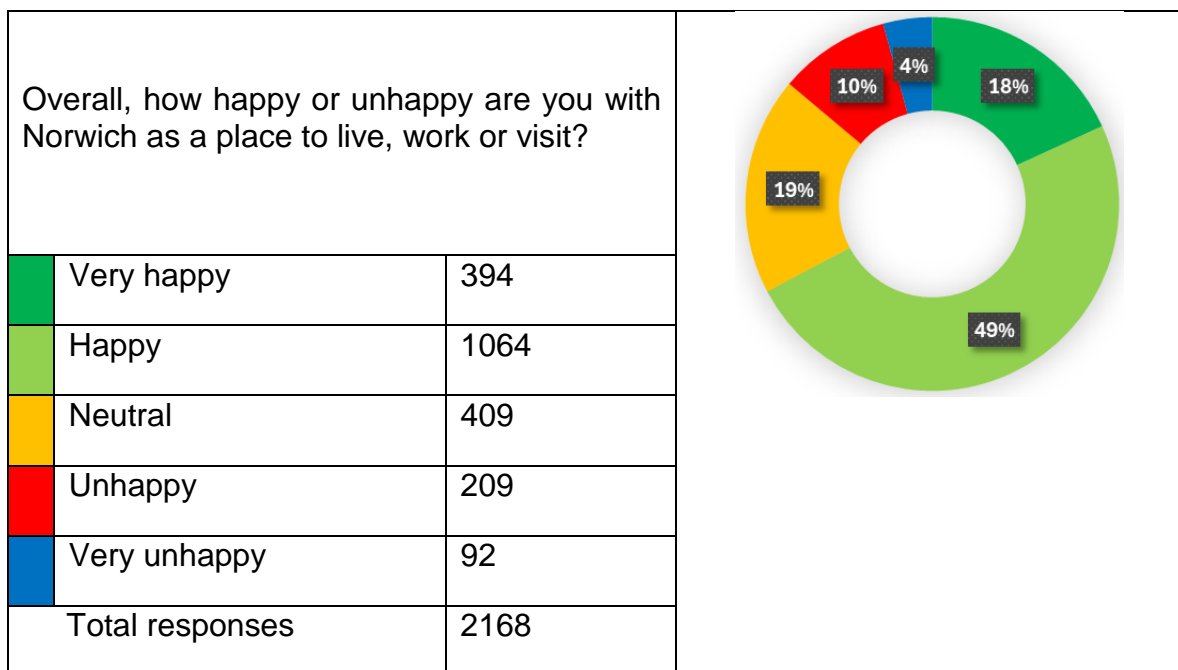
### Q1. Which of the following best describes you?

Category	Number of respondents	Percentage
I live in Norwich	1964	91%
I work in Norwich but live in another area	83	4%
I visit Norwich	42	2%




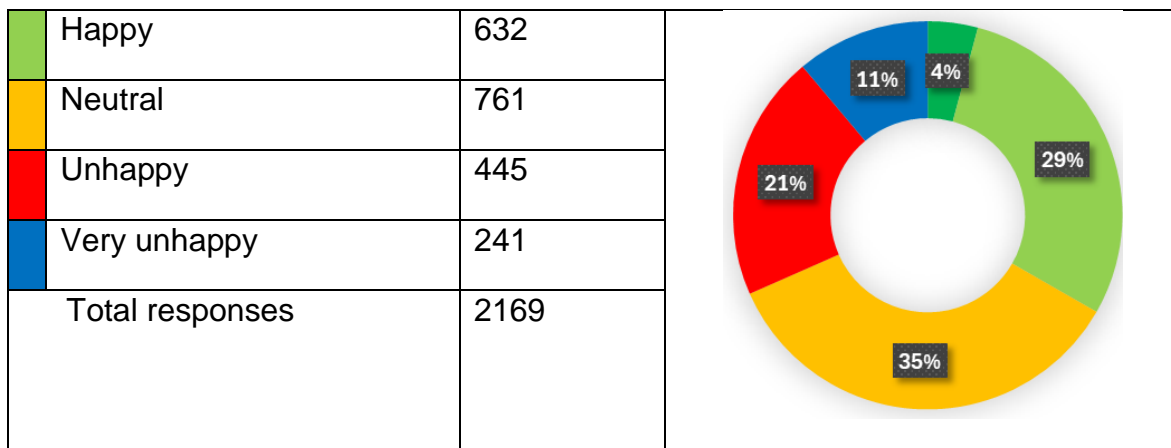
I represent a business in Norwich	38	2%
I represent a community organisation in Norwich	11	1%
Other (please specify)	31	1%
Total responses	2169	

**Q2. Overall, how happy or unhappy are you with Norwich as a place to live, work or visit?**

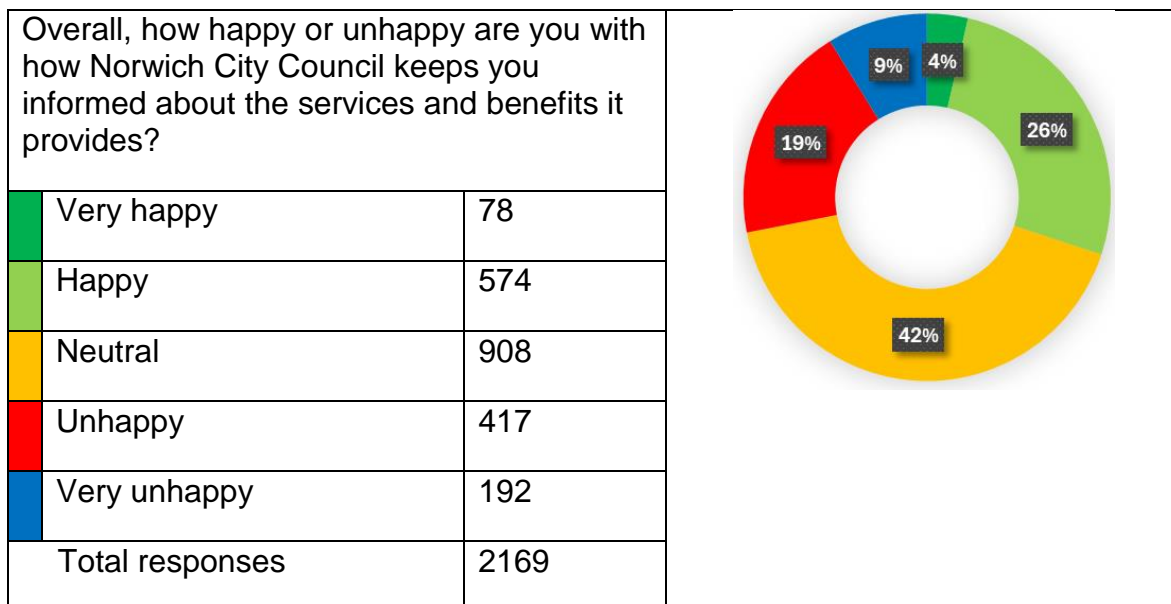


**Q3. Overall, how happy or unhappy are you with the way Norwich City Council delivers its services?**

Overall, how happy or unhappy are you with the way Norwich City Council delivers its services?		
	Very happy	90



**Q4. Overall, how happy or unhappy are you with how Norwich City Council keeps you informed about the services and benefits it provides?**



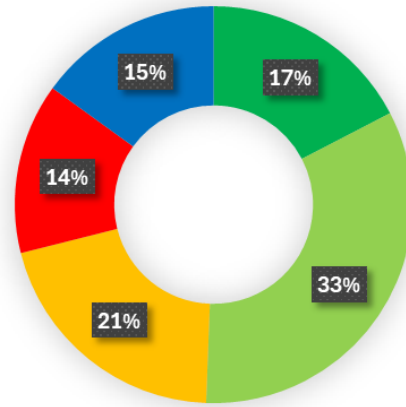
**Q5. What is your level of support for budget approach one?**

A majority of respondents supported the council's proposal to increase the city council's share of council tax by up to 2.99% per cent to generate an additional £400,000 and safeguard council services (50% support or strongly support this proposal, compared to 29% who oppose or strongly oppose the increase).

**Approach one:** Increase the city council's share of council tax by 2.99% to safeguard services. This will generate an additional

£400,000 to help pay for the services we provide and prevent cuts to vital services.

I strongly support	376
I support	719
Neutral	443
I oppose	301
I strongly oppose	325
Total responses	2164

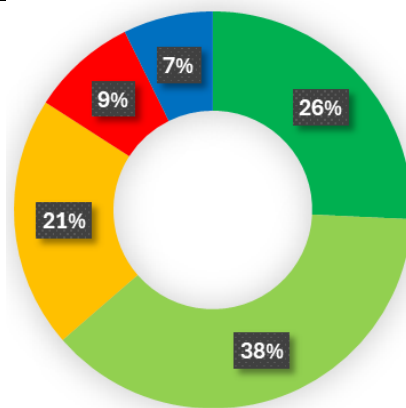


#### Q6. What is your level of support for budget approach two?

The majority of respondents (64%) support or strongly support an investment approach to services and major projects while 16% oppose or strongly oppose this.

**Approach two:** An investment approach to services and major projects for the city. For example, in 2024-25 we are investing £30m to upgrade properties and build new homes.

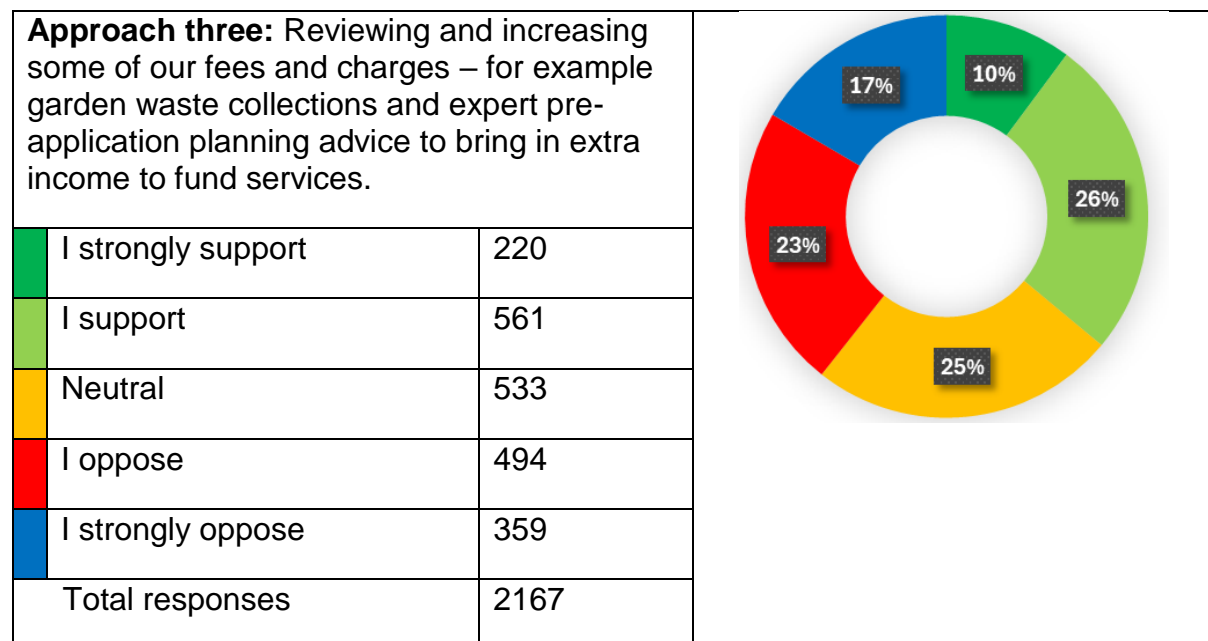
I strongly support	557
I support	820
Neutral	443
I oppose	186
I strongly oppose	158
Total responses	2164



#### Q7. What is your level of support for budget approach three?

There was some support (36%) for reviewing and increasing some council fees and charges to bring in additional income to fund services. 25% of respondents

neither supported nor opposed this approach and 39% of respondents oppose or strongly oppose this approach.



## Demographic data

The following section of the report outlines demographic data about the respondents who completed the survey.

### Q8. What is your gender?

The majority of respondents (52%) identified as male, while 44% identified as female. 3% of respondents preferred not to disclose this information and 1% identified as other.

Gender	Number of respondents	Percentage
Male	1127	52%
Female	944	44%
Prefer not to say	66	3%

Other (please specify)	15	1%
Total responses	2152	

### Q9. What is your age group?

The age banding with the highest response rate was the 55-64 age group, comprising 22% of the total 2,176 responses. This was closely followed by the 45-54 age group at 19% and the 35-44 age group at 18%. The 65-74 age group accounted for 16% while younger participants aged 25-34 represented 13%. Smaller proportions were seen in the 75 or older group (6%), the 18-24 group (3%), and those who preferred not to disclose their age (3%). One respondent was 18 or under.

Age group	Number of respondents	Percentage
18 and under	1	<1%
18-24	61	3%
25-34	271	13%
35-44	398	18%
45-54	410	19%
55-64	483	22%
65-74	346	16%
75 or older	135	6%
Prefer not to say	62	3%
Total responses	2167	

### Q10. Which of these best describes your ethnic group?

The majority of respondents (88%) identified as White, 6% preferred not to disclose this information and 2% identified as Mixed or multiple ethnic groups. 2% identified their ethnic group as Black, African, Caribbean or Black British, 2% identified as Asian or Asian British and 1% identified as Other.

<b>Ethnic group</b>	<b>Number</b>	<b>Percentage</b>
White	1899	88%
Mixed or multiple ethnic groups	49	2%
Asian or Asian British	33	2%
Black, African, Caribbean or Black British	34	2%
Prefer not to say	125	6%
Other (please specify)	24	1%
Total responses	2164	

#### **Q11. What is your religion?**

The majority of respondents (54%) identified as having no religion, while 33% identified as being Christian. 8% of respondents preferred not to disclose this information.

<b>Religion</b>	<b>Number</b>	<b>Percentage</b>
No religion	1167	54%
Christian (including Church of England, Catholic, Protestant and all other Christian denominations)	711	33%
Buddhist	16	1%
Hindu	9	<1%
Jewish	12	1%
Muslim	31	1%
Sikh	2	<1%

Prefer not to say	165	8%
Other (please specify)	38	2%
Total responses	2151	

**Q12. Do you consider yourself to have a long-term illness or disability?**

23% of respondents identified as having a long-term illness or disability, while 70% did not. 8% of respondents preferred not to disclose this information.

Category	Number	Percentage
Yes	487	23%
No	1510	70%
Prefer not to say	164	8%
Total responses	2161	

**Q13. If so, which of the following best describe your condition or disability?**

The category with the highest response rate was long-standing illness or health condition, accounting for 41% of responses. This was closely followed by physical or mobility impairments at 38%, mental health conditions at 36%, and neurodiversity at 19%. 5% of respondents preferred not to disclose this information.

Category	Number	Percentage
Physical or mobility impairment	185	38%
Learning disability	21	4%
Learning difficulty	20	4%
Neurodiversity	94	19%

Long standing illness or health condition (e.g. cancer, diabetes or chronic heart disease)	198	41%
Mental health condition	172	36%
Sensory impairment	21	4%
Other (please specify)	31	6%
Prefer not to say	25	5%
Total responses	485	



### 3. HOUSING REVENUE ACCOUNT 2025-2026 BUDGET

Item 5

#### The HRA Business Plan

1. Every year a review of the financial elements of the Housing Revenue Account Business Plan (HRA BP) is undertaken, and projections updated accordingly (The report detailing the latest review is due to be presented to Cabinet on 11<sup>th</sup> December 2024). The review aligns the investment priorities in the HRA BP with our Housing Strategy 'Fit for the Future' 2020-2026 which has four goals:
  - Meeting housing need - delivering new homes
  - Maintaining and improving condition of existing housing
  - Improving the use and management of our existing stock
  - Improving our neighbourhoods
2. The annual review of the HRA BP considers the following factors that can affect its viability:
  - National political and policy changes (regulatory requirements, welfare)
  - Expected rental income (rent settlements) and service charges
  - Housing stock condition
  - Wider economic pressures: inflation, utilities, building and maintenance costs

#### Background

3. The HRA is required to record expenditure and income on the operation of the Council's housing stock, including related services and/or facilities which are provided principally for the benefit of the Council's tenants.
4. The HRA budget covers both revenue and capital spending including all services to tenants and leaseholders.
5. The main aspects of the HRA are:
  - it is a landlord account, recording expenditure and income arising from the provision of housing accommodation by local housing authorities (under the powers and duties conferred on them in Part II of the Housing Act 1985 and certain provisions of earlier legislation)
  - it is not a separate fund but a ring-fenced account of certain defined transactions, relating to local authority housing, within the General Fund
  - the main items of expenditure included in the account are management and maintenance costs, major repairs, loan charges, and depreciation costs
  - the main sources of income are from tenants in the form of rents and service charges
  - the HRA should be based on accruals in accordance with proper accounting practices, rather than cash accounting

6. Legislative features are:
  - ring-fenced account within the General Fund
  - credits and debits are prescribed by statute
  - no general discretion to breach the ring-fence
  - cannot budget for a deficit
  - all borrowing within the HRA is in line with the CIPFA Prudential Code.
7. The Housing Revenue Account Business Plan (HRA BP) provides a long-term projection of the income, expenditure, investment and funding for the Council's housing service, based on current information and expectations. The HRA BP provides the evidence for:
  - financial viability of the HRA
  - maintaining tenant and leaseholder safety
  - informing stock decency and levels of investment (including new build)
  - service delivery and accountability

### **Key points of the review**

8. The annual review found that to deliver the HRA BP and the goals of our housing strategy the Council must do the following:
  - Drive down overall costs
  - Maximise its income
  - Secure additional funding
9. But because of inflationary pressures this means that the Council needs to borrow more to deliver:
  - Decarbonisation
  - Stock investment
  - New council homes to meet housing needs.
10. To ensure we can meet the above objectives and a viable HRA BP in the short to long term we will also consider the following:
  - Increase social rent levels by CPI+1% for existing tenants on annual basis for the next five years, rent levels beyond five years subject to Government consultation.
  - Charge social formula (target) rent on new lettings of existing stock. As part of the 2002 Government's Rent Restructuring policy, a formula (target) rent was calculated for each dwelling based on a number of factors including the size and value of the property and local and national earnings. The policy intended to align council and registered social landlord rents by gradually moving actual rents towards formula rents over a ten-year period. However, due to subsequent changes to the policy and imposed rent caps and reductions, in most cases, actual rents have not converged with the formula rent.

- Charge an enhanced level of rent (at local housing allowance) for specific new homes that offer lower living costs as a result of enhanced energy efficiency standards.
- Explore additional alternative rent models for new homes and relet dwellings that offer lower living costs as a result of enhanced energy efficiency standards.

### **Risks identified in the HRA BP**

11. The following risks and controls were identified:

<b>Risk</b>	<b>Controls required</b>
<b>Long term future rent uncertainty</b>	We have seen the impact of the four-year rent freeze and a subsequent rent cap. Any future cap or reduction below inflation will have an impact on the Business Plan.
<b>Increase in cost of repairs and major works</b>	<p>The delivery of the repairs and maintenance service brings several inherent risks including fluctuations in the number of vacant properties, on-going stock deterioration rates, changes in government guidance and regulations and the transformation of the NCSL service. An improvement plan is being developed to tackle these impacts but the risk to the business plan remains.</p> <p>We have seen some significant increases in contractor and materials costs as part of capital and responsive repair programmes. We will continue to monitor the long-term direction of construction cost inflation, collaborating with colleagues across the Council. The business plan is a 'living document' and will be adjusted accordingly.</p>
<b>Meeting Decarbonisation targets</b>	<p>The investment included within the business plan is based on assumptions currently used by the social housing sector. As local stock condition, energy performance and cost data are developed in 2025-2026, we will update the assumptions.</p> <p>Additional grant funding (above the 40% assumed), could support delivery at a faster pace. We will investigate opportunities to work with other social housing sector partners to share opportunities for funding, skills, and supply chain.</p>
<b>Borrowing and interest rates</b>	The HRA's existing loan portfolio comprises loans of various but fixed rates, however future borrowing will be exposed to interest rate changes. Although this is a risk to the business plan, where possible, future borrowing will be timed to take advantage of lower interest levels as opportunities arise.

<b>Building and fire safety</b>	<p>The full cost impact assessment has not been possible yet because secondary legislation will be published over several years. However, budget provision has been made for the next 5 years which is based on the best information we have and should enable investment in all buildings over 18 metres (high-rise) and any high-rise residential buildings. In the future, some degree of re-prioritisation of the 30-year business plan may be needed.</p> <p>The Fire Safety Act 2021 and subsequent legislation means there are further fire safety measures that we need to implement. The costs of preparing for and managing these changes have been included in the business plan. There continues to be a risk around the market capacity/capability to respond to the scale of need nationally which could lead to the possible inflation of costs. This will have an impact on our repairs and capital budgets.</p>
<b>Inflation Rate Risk</b>	<p>The HRA Business Plan assumes a range of ongoing inflation rates which has been factored into the 30-year plan. The consumer price index inflation rate is assumed at 1.7% for 2025-2026, 2.25% for 2026-2027, 1.5% for 2027-2028 and 2% assumed thereafter for both revenue and capital. Building costs inflation is assumed at CPI plus 1% throughout the plan. If the assumed inflation rate was to change, this will have an impact upon the forecasted income into the HRA over the 30 years; if the assumed inflation rate was to be exceeded, then this may have a negative impact upon revenue expenditure and the capital programme costs.</p>
<b>Stock condition and performance data risk</b>	<p>A stock condition survey has been commissioned, the data from the survey and energy performance assessment information will be utilised to fully understand costs and enable better planning of capital and decarbonisation works.</p>

## Financial Background and Budget

12. The Housing Revenue Account (HRA) was established by the Local Government and Housing Act 1989 as a ring-fenced account separate to the general fund and contains income and expenditure related to the ownership and management of the council's social housing stock.
13. Prior to 2012-2013, the HRA was funded at a national level through the housing subsidy regime. Since then, it has been run on a self-financing basis i.e. all revenue and capital expenditure needs to be funded from the rents and service charges paid by tenants or funded by housing benefit.

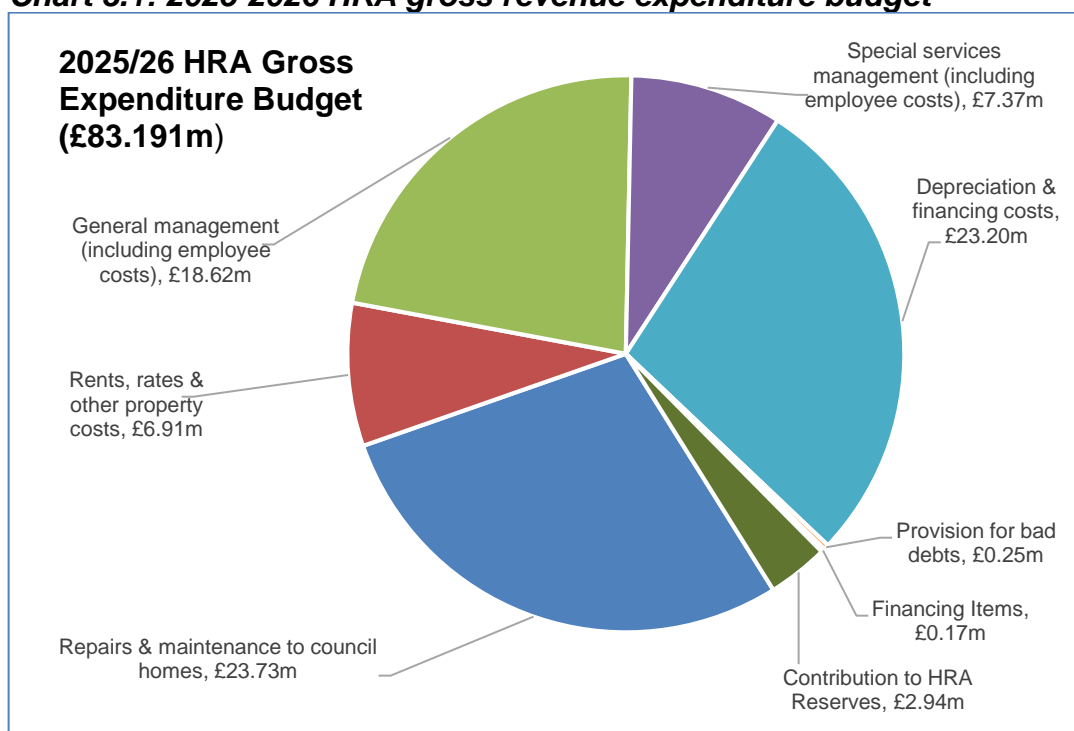
## Forecast 2024-2025 Outturn

14. The latest position on the Housing Revenue Account (HRA), as at period 6, shows a forecast underspend of £7.167 million, which is driven entirely by the removal of the planned revenue contribution to capital costs (RCCO) of £10.063 million, made possible as a result of the new flexibilities applied to the Right To Buy (RTB) retention agreement for a two-year period. The underlying position continues to reflect budget pressures with property maintenance costs, reflecting demand and supply pressures within the property sector both in terms of the volume of activity but also the associated costs, which have been offset, to a degree, by staff vacancies and income recovery.

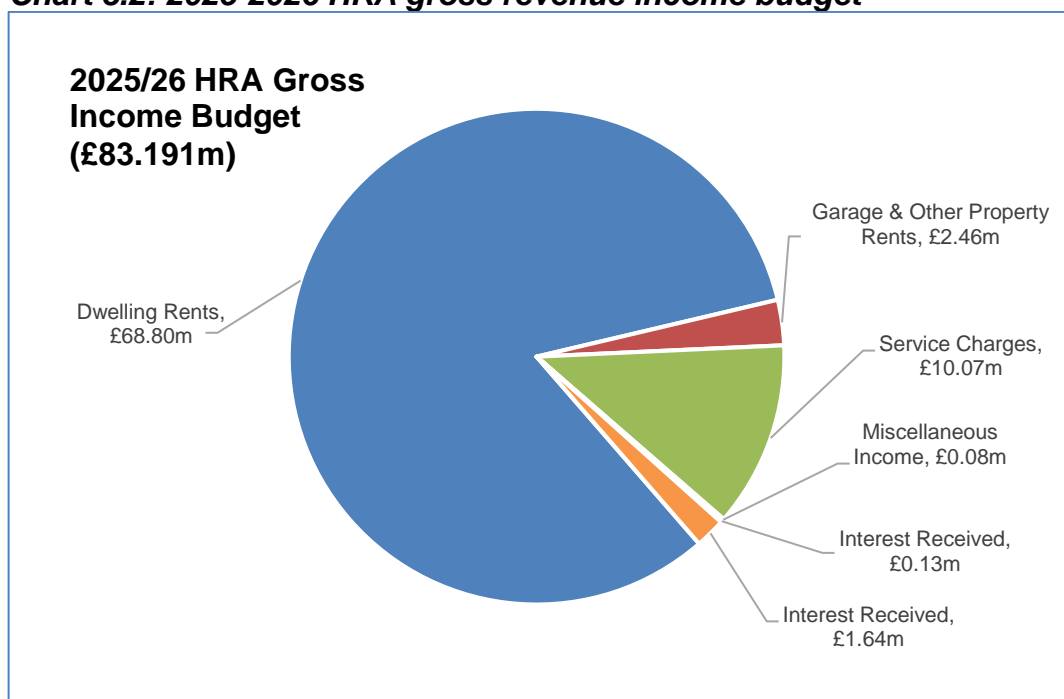
## Proposed 2025-2026 Revenue Budget

15. The budget proposes gross revenue expenditure of £80.252m and gross income of £83.191m, generating a surplus of £2.939m, as shown in appendix 3 (A). Due to the new flexibilities relating to the Right to Buy retention agreement described above, it will not be necessary to make a revenue contribution towards the funding of the capital programme in 2025-2026. It is therefore proposed that the surplus of £2.939m is transferred to HRA reserves in 2025-2026 and utilised to support the provision of new homes in future years.

**Chart 3.1: 2025-2026 HRA gross revenue expenditure budget**



**Chart 3.2: 2025-2026 HRA gross revenue income budget**



### Council housing rents, garage rents, and service charges

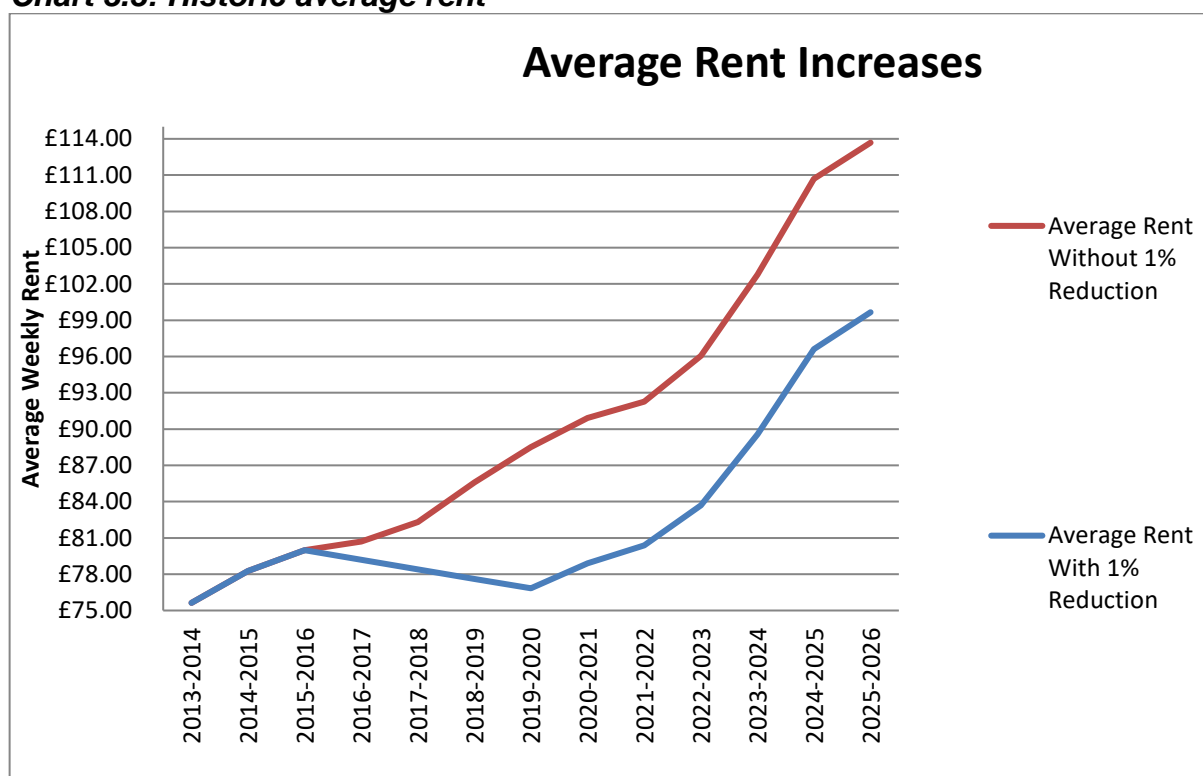
16. Historically, the level at which council housing rents were set was decided by the Council in line with guidance set out by the government and information provided by the HRA Business Plan. However, in 2016-2017 the rent policy was replaced by a government enforced minimum 1% reduction in rent for a four-year period until March 2020, as set out in the Welfare Reform and Work Act 2016. The impact of this over a 60-year period was a loss of over £200m in rental income.
17. From 2020-2021, the enforced 1% rent reduction ended and the Secretary of State issued the Direction on the Rent Standard which enabled authorities to increase rent annually by up to CPI (Consumer Price Index) as at the preceding September plus 1%. However, for 2023-2024, the government implemented a cap of 7% on all social housing rent increases.
18. For 2025-2026, rent increases will again follow the Rent Standard, which would increase rents by 2.7% and generate an average weekly rent increase of £2.62 for Norwich social housing tenants (excluding larger dwellings leased to care agencies). The table below shows the minimum and maximum rent increases at 2.7%.

**Table 3.1: Proposed dwelling rent increase 2025-2026**

Item	Average £	Maximum £	Minimum £
Rent 2024-2025	97.04	151.66	68.66
Proposed Increase (2.7%)	2.62	4.09	1.85
Proposed Rent 2025-2026	99.66	155.75	70.51

19. The impact of the four-year rent reduction is shown in the chart below, which plots the actual average rent against the calculated average rent had a rent reduction not been enforced.

**Chart 3.3: Historic average rent**



20. Tenant Involvement Panel representatives were consulted over the proposed 2.7% increase on 12th December 2024. The impact on both tenants and the long-term viability of the HRA was discussed, but it was recognised that increases are necessary to maintain the level of investment in existing and new homes and delivery of the decarbonisation programme, and the proposed rent increase of 2.7% in line with government guidance was noted.
21. For 2025-2026, it is also proposed to increase garage rents by CPI +1% which is 2.7%.
22. In accordance with the constitution, levels of tenants' service charges will be determined by officers under delegated powers, in consultation with the portfolio holder and after engagement with tenant representatives, to be applied to existing and for any new service provision.
23. The current budget provision is calculated using a void rate of 1.6% and equates to an estimated rental income loss for void periods of £1.119m for 2025-2026.

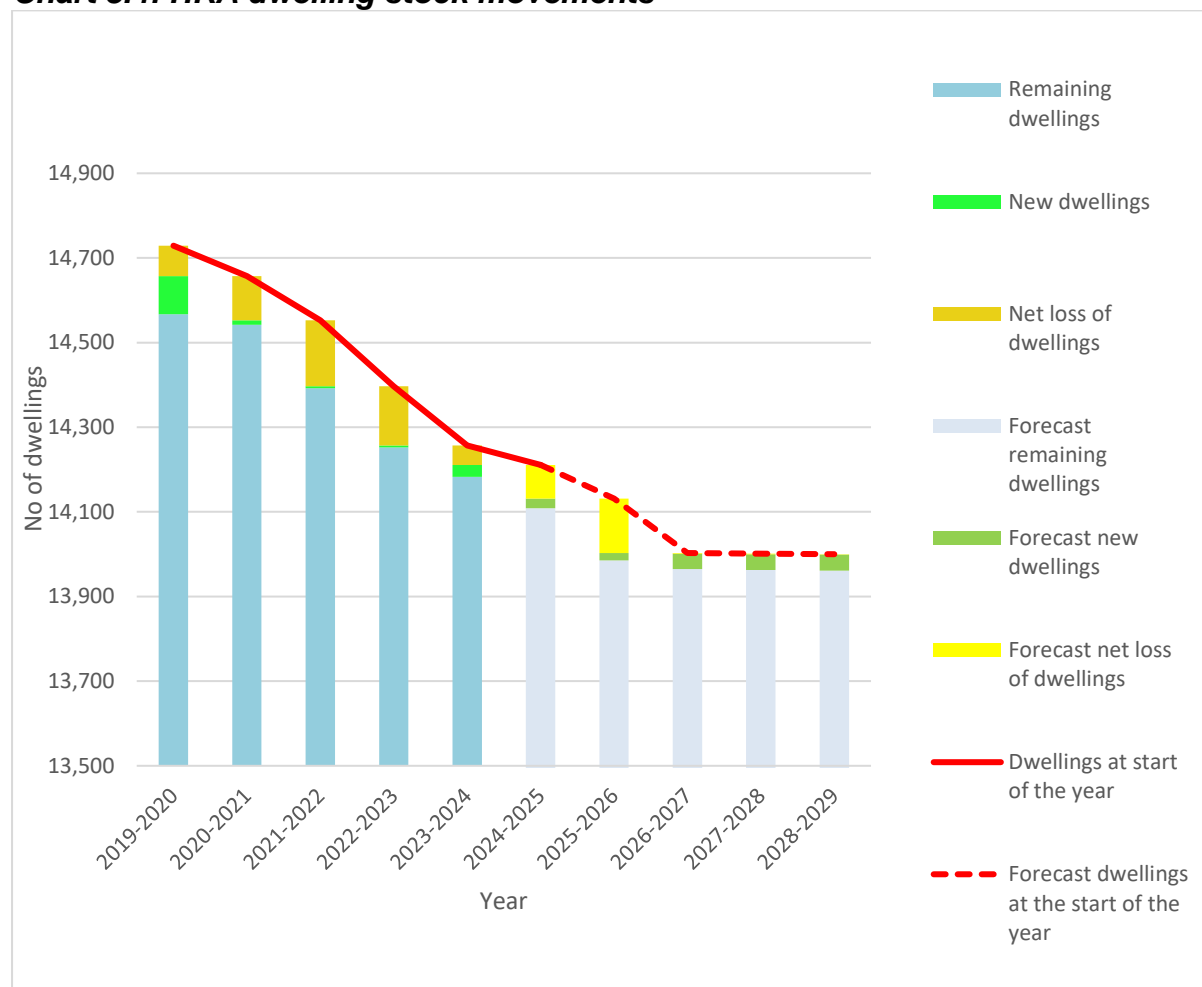
### Council dwelling stock levels

24. Following a significant increase in 2021-2022 and 2022-2023, the number of Right-to-Buy purchases of HRA dwellings reduced during 2023-2024 but is anticipated to increase again for 2024-2025 and further to approximately 140 for 2025-2026. In the future, the business plan anticipates that the impact of the reduction in Right to Buy maximum discounts and the consultation on wider reform to the scheme, announced in the Government's Autumn Budget

will significantly reduce the level of future sales to 32 dwellings, with only a slight increase thereafter.

25. Over the past five years, 641 homes have been lost from social rent. Whilst the council is ambitious in its plans to build new social housing to meet local need, these are also at risk of being subject to Right to Buy.
26. Chart 3.4 below sets out the movement in the level of council housing stock over the past five years along with a forward projection over the next five years. Further detail is provided in Appendix 3 (B).

**Chart 3.4: HRA dwelling stock movements**



### Capital expenditure plans

27. The HRA business plan includes expenditure arising from the proposed HRA capital budget as set out in section 4 of this report (capital strategy and 2025-2026 capital budget).
28. The proposed HRA capital programme is based upon Housing Strategy 'Fit for the Future' 2020-2026 which has four goals:
  - Meeting housing need - delivering new homes
  - Maintaining and improving condition of existing housing
  - Improving the use and management of our existing stock

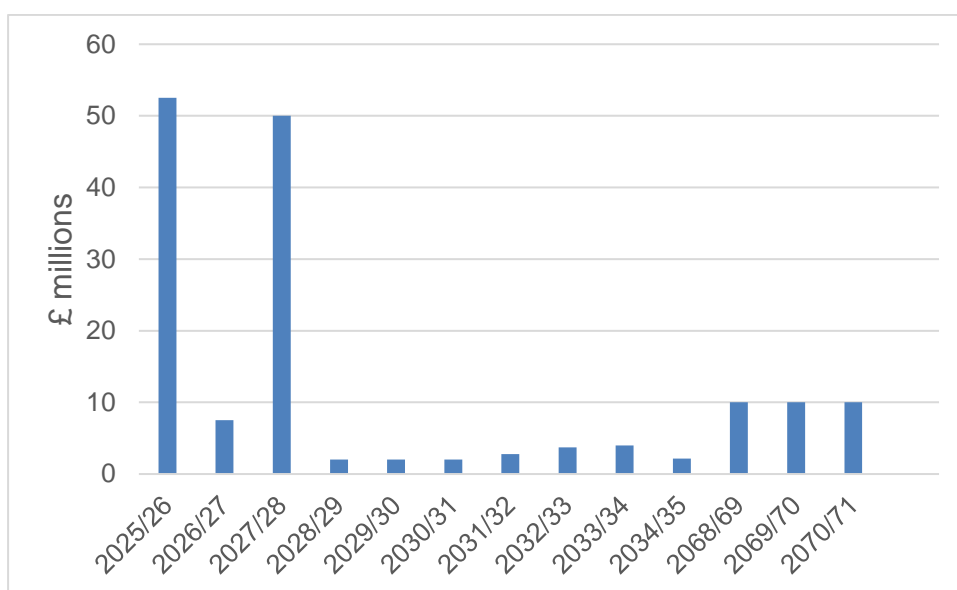


- Improving our neighbourhoods

### **Capital financing plans**

29. Following the government abolition of the HRA borrowing cap in 2018, the council can determine how much it will borrow to fund capital expenditure, if it can demonstrate that the borrowing is affordable, prudent and sustainable as required by CIPFA's Prudential Code. The council does this for general fund capital expenditure by agreeing and monitoring several prudential indicators. These indicators now include the HRA and will be included in the Treasury Management Strategy 2025-2026 which will be considered by Council in February 2025.
30. The decision to remove the borrowing cap gives the council more flexibility to invest in the existing housing stock and to increase its holdings. Future investment will be guided by the housing strategy
31. How an individual capital scheme is funded will depend on the prevailing financial circumstances and the nature of the scheme (e.g. new build or enhancement of an existing asset). In practice, there are seven key funding sources which the council uses in the following priority order (more information is given on capital financing strategy in Appendix 4 (C):
  1. Right-to-Buy Retained 'One for One' capital receipts.
  2. Capital Grants
  3. Major Repairs Reserve
  4. General HRA capital receipts
  5. General reserves
  6. Revenue budget contributions
  7. Borrowing
32. The current HRA Capital Financing Requirement (the need to borrow) is £208.532m. The most recent HRA external borrowing of £30m was taken in advance to support the refinancing in 2022-2023 of an existing loan of £49m which formed part of the £149m loan undertaken to fund the HRA self-financing settlement in 2012 when the HRA subsidy system was abolished. This meant that the council no longer had to make payments of approximately £9m per annum to the Government subsidy system and was able to retain all future rental income in return for taking on a calculated share of the national housing debt. The remaining borrowing consists of £31m of historic external borrowing, the most recent being taken over 25 years ago.
33. HRA assets are currently valued at £933.340m (31 March 2024), which against a borrowing requirement of £208.532m (31 March 2024), equates to a loan-to-value gearing of 22.343%. This is lower than the national average gearing for local authorities of 28% and the national average for registered providers which is more than 60%.
34. Chart 3.5 sets out the redemption dates and values of current HRA external borrowing. The most recent borrowing in 2021 and 2012 is represented by loans totalling approximately £130m from the Public Works Loans Board (PWLb), whilst all other loans shown constitute historic borrowing which will be repaid within 10 years.

35. **Chart 3.5: Existing HRA external borrowing**



36. The 2025-2026 HRA capital budget proposed in section 4 of this report does not require any new borrowing, although to deliver significant levels of new social housing and the retrofit programme, additional borrowing will be required in future years.

### HRA Reserves Position

37. The proposed budget will impact on the HRA balance as follows:

**Table 3.3: Estimated HRA reserves position**

Item	£000
Brought Forward from 2023/24	(41,419)
Budgeted utilisation of balances in 2024-2025	(57)
Forecast HRA underspend 2024-2025 (at period 6)	(7,167)
<b>Forecast to be carried forward to 2025-2026</b>	<b>(48,643)</b>
Provisional proposed contribution to balances in 2025-2026	(2,939)
<b>Forecast to be carried forward to 2026-2027</b>	<b>(51,582)</b>

38. The level of general reserves is forecast to increase in both 2024-2025 and 2025-2026, which is due to not being required to make a revenue contribution towards the cost of new homes as a result of the temporary increased flexibilities surrounding Right to Buy Receipts in these years. The estimated reserves to carry forward into 2026-2027 remain substantial (£52m) which not only provides a flexible funding resource for the HRA, but also ensures the financial resilience of the account, and provides the council with options for service delivery and the funding of future capital expenditure whilst managing overall debt.
39. It is proposed that the prudent minimum level set for the HRA reserve should remain unchanged for 2025-2026 as set out in Table 3.4. Provision has been made for the risk of additional costs and risk arising from the impact of welfare reforms, the economy and jobs in the city. Further provision is also made for other potential risks and unforeseen events.

**Table 3.4: Prudent minimum level of HRA reserves**

Item	£000
Calculated operational risk	1,348
Potential issues arising from welfare reform	500
Potential issues arising from economic issues	1,000
Potential interest costs relating to retained one for one receipts	1,000
Unforeseen events	2,000
Estimated required level of HRA reserves	5,848

### Appendix 3 (A): 2025-2026 proposed HRA budget by service

Division of Service	Original Budget 2024/25 £000	Proposed Budget 2025/26 £000	Change £000
Repairs & Maintenance	17,279	23,730	6,450
Rents, Rates, & Other Property Costs	6,087	6,910	823
General Management	18,181	18,616	435
Special Services (not provided to all tenants)	7,107	7,374	267
Depreciation & Impairment	22,160	23,203	1,043
Provision for Bad Debts	299	251	(48)
Adjustments & Financing Items	399	169	(229)
<b>Gross HRA Expenditure</b>	<b>71,511</b>	<b>80,252</b>	<b>8,742</b>
Dwelling Rents	(66,972)	(68,799)	(1,828)
Garage & Other Property Rents	(2,419)	(2,461)	(42)
Service Charges – General	(9,907)	(10,075)	(168)
Miscellaneous Income	(82)	(82)	0
Amenities shared by whole community	(130)	(130)	0
Interest Received	(2,104)	(1,645)	459
<b>Gross HRA Income</b>	<b>(81,613)</b>	<b>(83,191)</b>	<b>(1,578)</b>
<b>Total Housing Revenue Account</b>	<b>(10,102)</b>	<b>(2,939)</b>	<b>7,164</b>
Revenue contribution to capital	10,045	0	(10,045)
Contribution to/(from) HRA reserve	57	2,939	2,881
<b>Total</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>

#### Explanation of key variances:

- Repairs & maintenance costs have increased by £6.450m due to an increase in contract delivery costs along with additional provisions for work to prevent damp and mould, survey and remove asbestos and exterior painting.
- Rents, Rates, & Other Property Costs have increased by £0.823m as a result of increased utility and insurance costs along with increased staff recharges.
- General management costs have increased by £0.435m largely as a result of increased staffing related costs across the council.
- Dwelling rent income will increase by £1.828m as a result of the proposed 2.7% rent increase.
- Depreciation charges are expected to increase by £1.043m due to an increase in the value of property and the replacement of key components, however within the HRA, the full value of the depreciation charge is utilised to fund capital upgrade work.
- The revenue contribution to capital expenditure has reduced by £10.045m as expenditure on new homes will be fully funded from Retained One-for-One

Right to Buy Receipts in 2025-2026 due to the temporary increased flexibilities provided by the Government.

### Appendix 3 (B): HRA dwelling stock movements

<b>Council dwellings</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>2024-2025</b>	<b>2025-2026</b>	<b>2026-2027</b>	<b>2027-2028</b>	<b>2028-2029</b>
No of dwellings at start of year	<b>14,729</b>	<b>14,657</b>	<b>14,553</b>	<b>14,397</b>	<b>14,257</b>	<b>14,211</b>	<b>14,131</b>	<b>14,003</b>	<b>14,001</b>	<b>14,000</b>
RTB sales in year	(156)	(112)	(159)	(145)	(69)	(102)	(140)	(32)	(32)	(33)
Non-RTB sales/leased in year	(6)	(3)	(2)	0	(5)	0	(6)	(6)	(6)	(6)
Dwellings demolished	0	0	0	0	0	0	0	0	0	0
Dwelling conversions	2	0	0	0	0	0	0	0	0	0
New build dwellings	87	0	0	5	28	14	16	34	37	34
Dwelling acquisitions	1	11	5	0	0	8	2	2	0	4

Shaded cells in italics denote forecast movements

## 4. CAPITAL AND COMMERCIAL STRATEGY

Item 5

### **The wider context and capital investment objectives**

- 4.1. Norwich City Council's Capital and Commercial Strategy provides a valuable opportunity for engagement with full council to ensure that overall strategy, investment ambition, risk appetite and governance procedures are fully understood by all elected Members and other Council stakeholders.
- 4.2. It is also a requirement of the Investment Code and the Prudential Code that a commercial strategy exists to inform investments, which are not Treasury Management investments, but which include investing in assets, shares or loans to companies and third parties in support of its corporate priorities. The approach to commercial investments has changed significantly in recent times through changes to the prudential code and capital regulations.
- 4.3. The overall strategy sets out the council's programme and budget for capital investment over the next five years in support of all its capital expenditure items. It describes how the council will manage, finance, and allocate capital investment towards assets that will help to achieve the council's priorities, as well as its operational and statutory requirements.
- 4.4. It covers projects and programmes and investments financed through both the council's General Fund and Housing Revenue Account (HRA).
- 4.5. At the highest level the council's community-led plan sets out our vision for Norwich "A fair and thriving city, full of ambition" and our five priorities that the council wishes to deliver, either directly, or through leading, influencing and working in partnership with others, namely:
  - An open and modern council
  - A prosperous Norwich
  - A fairer Norwich
  - A climate responsive Norwich
  - A future-proof Norwich
- 4.6. There are however additional drivers or needs for capital expenditure. These comprise:
  - Using assets to support the improvement of council services, asset investment in services can be designed to generate both new sustainable income streams as well as improving efficiency of service delivery and the reduction of costs.
  - The need to maintain or improve the physical condition of existing assets as they deteriorate, are less "fit-for-purpose", or fail to comply with regulatory requirements. These considerations are part of the Council's asset management planning processes.
- 4.7. The council's investment objectives for capital expenditure are shown in table 4.1 Specific projects, either within the capital budget or future projects, will deliver these objectives.
- 4.8. The council holds increasingly comprehensive data regarding the condition of its HRA property, but continues to undertake condition surveys on both general fund and HRA assets.

- 4.9. This strategy continues to evolve as the council learns more about the condition of its assets. It continues to be reviewed on an annual basis and officers will also keep under review good practice amongst other local authorities.

### **Commercial property investment**

- 4.10. The council has held commercial property for decades and previously purchased new property investments in line with its former Commercial Property Investment Strategy and within the council's approved capital expenditure budget. Because of changes to the Treasury Management and Prudential Codes of practice, the Council no longer makes new investments in commercial property primarily for yield where this would be funded by borrowing and the capital programme has been amended accordingly.
- 4.11. For those authorities utilising Public Works Loans Board (PWLB) borrowing, the government now requires a high-level outline of their capital planning for the years ahead, categorising projects as service delivery, housing, regeneration, or the refinancing of existing debt, based on the S151 officer's assessment of which category is the best fit for the project. At the point of applying for a PWLB loan, applicants will be asked to confirm that this outline remains current, and that the authority does not intend to buy commercial assets primarily for yield.
- 4.12. However, the Code's statement that authorities 'must not borrow to invest for the primary purpose of financial return' is not intended to require the forced sale of existing commercial investments, whether commercial properties or financial investments. Selling these investments and using the proceeds to net down debt does, however, reduce treasury risks and is therefore an option which should be kept under review, especially if new long-term borrowing is being considered.
- 4.13. The Code requires that authorities which are net borrowers should review options for exiting their financial investments for commercial purposes in their annual treasury management or investment strategies. The options should include use of the sale proceeds to repay debt or reduce new borrowing requirements. Authorities should not take new borrowing if financial investments for commercial purposes can reasonably be realised, based on a financial appraisal which takes account of financial implications and risk reduction benefits.
- 4.14. This enables authorities to weigh the risk reduction benefits of sale against the loss of income and the current sale value of the investments; the code also makes it clear that where an authority has existing commercial properties, the requirement that an authority must not borrow to invest for the primary purpose of financial return, is not intended to prevent authorities from appropriate capital repair, renewal or updating of existing properties.

### **Commercial property earmarked reserve**

- 4.15. The council has agreed to the establishment of a commercial property earmarked reserve. The reserve is held to help mitigate the financial risks of holding commercial property and can be used to fund any future void periods, the granting of rent-free periods to new tenants, and any landlord repairs.



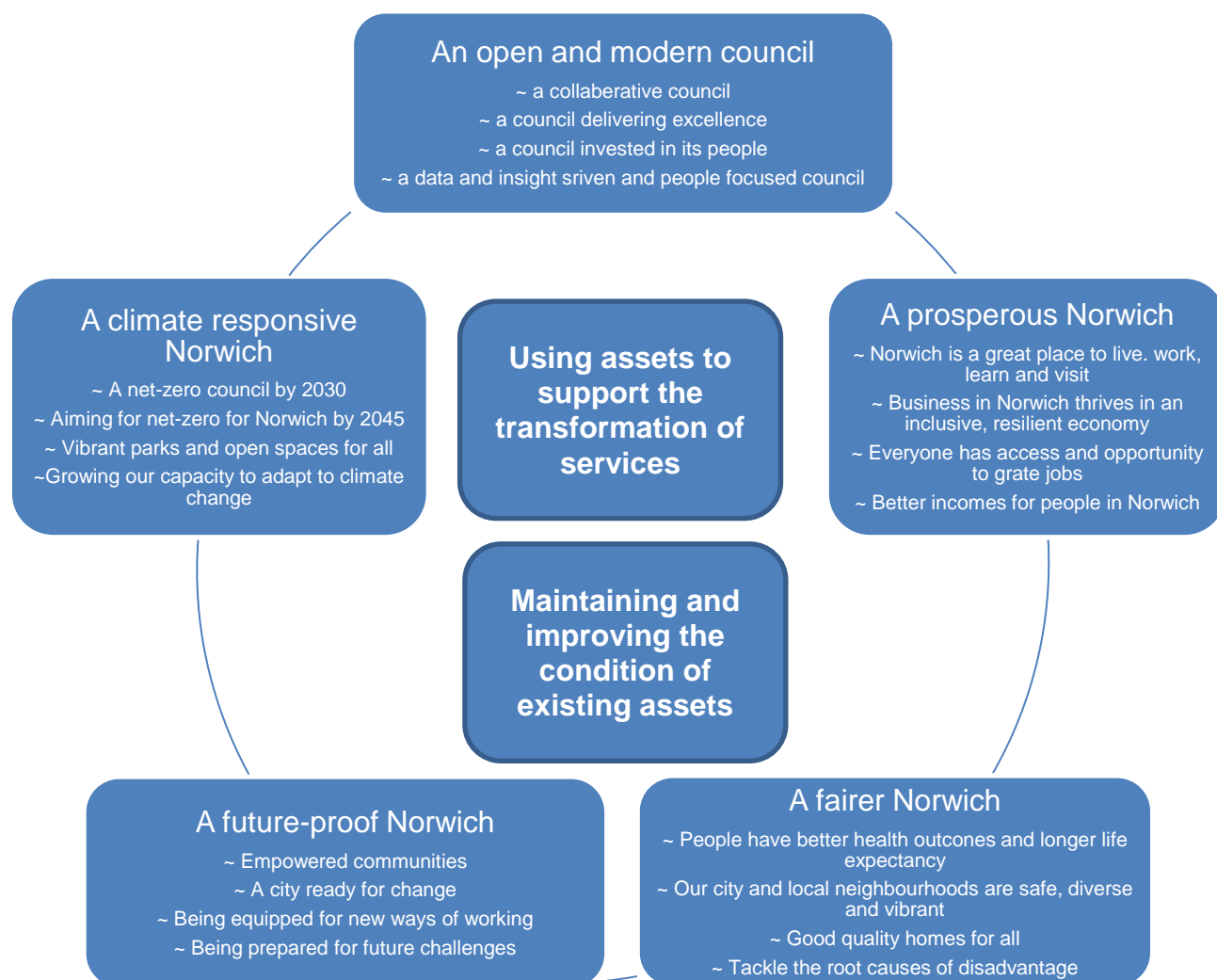
## **Capital Loans**

- 4.16. The Council can borrow funds at preferential rates to fund capital expenditure from the PWLB. Once borrowed, current capital rules allow these funds to be used to make capital loans (onward lending) to other organisations including those that do not have access to PWLB loans.
- 4.17. In being a provider of capital finance, the Council is subject to statutory controls that restrict the loans that can be offered to avoid subsidy control (previously State Aid) issues. Specifically, the Council:
- Must lend funds at a rate that is competitive with market rates for similar loan products.
  - Must not on-lend funds at a rate lower than its own average borrowing rate, even if such rates are subsequently competitive; and
  - Must not use the loan to provide subsidy in other ways, e.g. full or partial discounts on fees or charges incurred for: deferred instalment repayments; late payment of instalments; and full or partial premature loan redemption.
- 4.18. The council has a loan book of £8.397m with three borrowing organisations (as at 31 Dec 24): Lion Homes (Norwich) Ltd (formerly Norwich Regeneration Limited) (£6.150m), Norwich City Services Limited (£2.200m) and the Norwich Preservation Trust (£0.047m).
- 4.19. In making loans the council is exposing itself to the risk that the borrower defaults on repayments. The council must therefore ensure that the loan is prudent and that the risk implications have been fully considered, both regarding the individual loan and the cumulative total of the loan book. The application of a charge on assets is a way of mitigating risk on external loans.

## **Lion Homes Limited (formerly Norwich Regeneration Limited)**

- 4.20. An expected credit loss model calculation is undertaken annually to measure the credit risk of the loan book and reported in the council's Statement of Accounts. This is a requirement of International Financial Reporting Standards.
- 4.21. At the end of 2021-2022 there was an impairment on the council's loan to NRL. This was based on an assessment of how much of the current loan balance may not be recoverable from the company. The Council established an earmarked reserve to cover the assessed cost of the impairment, which can be drawn down if the future business plan is not able to fully recover the investment to date. It is proposed that, based upon an updated review of this assessment, the earmarked reserve is increased to £4.5 million via a transfer from the Budget Risk Reserve.

**Chart 4.1: The proposed key drivers for capital investment**



**Table 4.1: The council's priorities and proposed capital programme**

An open and modern council	A prosperous Norwich	A fairer Norwich	A climate responsive Norwich	A future-proof Norwich
<p>Capital expenditure plans can contribute to this corporate aim by:</p> <ul style="list-style-type: none"> <li>IT investment in hardware, software and mobile technology to enable the council to be data and insight driven and people focused.</li> <li>City Hall Ground Floor Accessibility Improvements will support inclusion by modernising facilities.</li> </ul>	<p>Capital expenditure plans can contribute to this corporate aim by:</p> <ul style="list-style-type: none"> <li>Investment in the Castle Gardens, Guildhall and St Andrews Hall, making Norwich a great place to live, work, learn and visit.</li> </ul>	<p>Capital expenditure plans can contribute to this corporate aim by:</p> <ul style="list-style-type: none"> <li>Investment in the Riverside Leisure Centre and providing Disabled Facilities Grants enabling people to have better health outcomes and longer life expectancy.</li> <li>City Hall Ground Floor Accessibility Improvements will support inclusion by modernising facilities.</li> <li>Significant investment to upgrade existing and provide new council housing providing good quality homes for all.</li> </ul>	<p>Capital expenditure plans can contribute to this corporate aim by:</p> <ul style="list-style-type: none"> <li>Implementing energy efficient measures at community centres and installing solar/photovoltaic technology, renewable heating systems and energy efficiency measures in existing and new council homes to support a net-zero council by 2030, a net zero Norwich by 2045 and growing our capacity to adapt to climate change.</li> <li>Investment in new play equipment in parks, access improvements at Riverside Walk and significant works at Sloughbottom Park to provide vibrant parks and open spaces for all</li> </ul>	<p>The Council aims to be financially self-sufficient, to ensure the long-term sustainability of service delivery to residents and businesses. Capital expenditure plans can contribute to this aim by:</p> <ul style="list-style-type: none"> <li>Implementation of digital systems to ensure the council is equipped for new ways of working</li> <li>Maintain or improve the physical condition of assets owned by the City through the Strategic Property Remediation Fund to ensure that the city is ready for change and our streets are vibrant and busy and have the right facilities for our communities.</li> <li>Stafford Park, Telford upgrade works will support the maximisation of income from commercial property to support Council funding for core services.</li> </ul>

## **Asset management planning**

- 4.22. The overriding objective of asset management planning is to ensure that the council's land and property is appropriate, fit-for-purpose, and affordable.
- 4.23. The council holds a significant and diverse asset portfolio in comparison to similar district councils within the CIPFA comparator group. The total value of the council's land and property assets as at the end of 2023-2024 was £1.2Bn.

## **General Fund asset management planning**

- 4.24. The council has adopted a Strategic Asset Management Framework and in March 2023 adopted a revised action plan to guide decisions over the next five years. This was adopted following external consultancy advice to help inform asset specific decisions and a full review of the investment portfolio has been undertaken. Work is progressing to gather improved condition and valuation data on assets which will help inform updates to the action plan and guide capital and revenue forecasts relating to assets
- 4.25. In the past focus has been largely on using the council's limited capital resources on responsive rather than planned improvements. As condition data is gathered on assets the Strategy Property Remediation Fund is being used to deliver any immediate and urgent capital expenditure needed in response to condition data. However, with good quality data decisions can be made on asset retention or disposal. Where assets are to be retained the aim will be to develop planned larger improvements and investments in assets to prolong their life and improve their performance.
- 4.26. Going forward the aim is for capital spend to be planned to follow the asset review work and informed decision making in relation to the assets' future.

## **Housing Revenue Account asset management planning**

- 4.27. Condition surveys exist for HRA assets, these were reviewed by way of an external stock condition survey that surveyed 50% of the current stock, 100% of communal areas and the structure of blocks. The surveys provided a greater understanding of future requirements, including an understanding of the investment needs of the existing stock of HRA dwellings which are typically built with a 60-80 year life span in mind. There is a requirement for ongoing stock condition surveys set out by the Consumer Standards overseen by the Regulator of Social Housing. These will continuously update our understanding of the condition of our stock and its investment requirements. The implementation of a cyclical stock condition survey is now under review where we will need to target a minimum of 20% of the stock every year
- 4.28. The proposed HRA capital programme seeks to contribute towards achieving these goals. Further detail is included within section 3 of this report – HRA business plan and 2025-2026 budget

## **Capital expenditure plans**

- 4.29. The expenditure plans consist of two kinds:

### Short to medium term plans (1 to 5 years):

- These are the projects and programmes that are being proposed to council as part of the 2025-2026 to 2029-2030 capital programme for delivery within that period.

#### Medium to long-term plans (5 to 10 years):

- There is typically a long lead in time from identifying investment need or opportunities to implementation. Additional future projects that may arise will require a full business case for cabinet and council approval before they can be incorporated into the capital programme and implemented.

#### **Forecast 2024-2025 outturn**

- 4.30. The latest forecast position as at period 6 shows the general fund capital programme is forecast to underspend by £0.050m and the Housing Revenue Account (HRA) capital programme is forecast to underspend by £0.832m. However, it is anticipated that an element of this will form a carry-forward request to enable some of the unspent budgets to be utilised in 2025-2026.

#### **2025-2026 to 2029-2030 capital programme**

- 4.31. The focus of the capital strategy is towards the delivery of schemes within an approved budget. Traditionally, the focus used to be on an annual investment plan for the next financial year, however, the council has now moved to a five-year rolling capital programme, which provides greater certainty for delivery as well as for financial and resource and procurement planning
- 4.32. Table 4.2 below summarises the proposed 2025-2026 overall capital budget along with indicative spending plans from 2026 to 2030, which has been categorised into the projects that have already been agreed as part of the five year programme in previous years, new projects that are proposed as part of the capital programme and may proceed upon approval of the budget and projects that are proposed to form part of the capital programme but require a business case to be approved before they may proceed and any expenditure be incurred. Details setting out the proposed projects and programmes within the general fund and HRA are found in Appendix 4 (B).

**Table 4.2 Capital Programme 2025 – 2030**

	<b>2025- 2026 £000</b>	<b>2026- 2027 £000</b>	<b>2027- 2028 £000</b>	<b>2028- 2029 £000</b>	<b>2029- 2030 £000</b>	<b>5 year Total £000</b>
<b>General Fund Summary programme (Approved)</b>						
Housing & Community Safety	1,982	1,622	1,673	1,700	0	<b>6,977</b>
Resources	360	315	275	275	0	<b>1,225</b>
Development and City Services	15,418	1,192	923	1,366	0	<b>18,899</b>
Capital Loans	7,000	1,000	0	0	0	<b>8,000</b>
<b>Total General Fund Summary programme (Approved)</b>	<b>24,760</b>	<b>4,129</b>	<b>2,870</b>	<b>3,341</b>	<b>0</b>	<b>35,100</b>
<b>General Fund Summary Programme (Proposed)</b>						
Housing & Community Safety	231	(65)	0	0	1,742	<b>1,908</b>
Resources	0	5	45	45	320	<b>415</b>
Development and City Services	(1,514)	312	615	(810)	3,065	<b>1,667</b>
<b>Total General Fund Summary Programme (Proposed)</b>	<b>(1,283)</b>	<b>252</b>	<b>660</b>	<b>(765)</b>	<b>5,127</b>	<b>3,991</b>
<b>General Fund Summary Programme (Business Case Required)</b>						
Housing & Community Safety	31	0	0	0	0	<b>31</b>
Resources	0	1,200	0	0	0	<b>1,200</b>
Development and City Services	6,425	50	50	50	50	<b>6,625</b>
<b>Total General Fund Summary Programme (Business Case Req'd)</b>	<b>6,456</b>	<b>1,250</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>7,856</b>
<b>Total General Fund Programme</b>	<b>29,933</b>	<b>5,630</b>	<b>3,581</b>	<b>2,626</b>	<b>5,177</b>	<b>46,947</b>
<b>Housing Revenue Account Summary Programme (Approved)</b>						
HRA - Development and City Services	15,729	14,281	12,641	8,130	0	<b>50,782</b>
HRA - Housing & Community Safety	30,209	27,791	25,845	25,845	0	<b>109,690</b>
<b>Housing Revenue Account Summary Programme (Proposed)</b>						
HRA - Development and City Services	(7,654)	249	(5,199)	(5,834)	6,712	<b>(11,726)</b>
HRA - Housing & Community Safety	(878)	13,106	13,313	15,791	40,853	<b>82,185</b>
<b>Housing Revenue Account Summary Programme (Business Case Required)</b>						
HRA - Housing & Community Safety	114	0	0	0	0	<b>114</b>
<b>Total Housing Revenue Account Programme</b>	<b>37,520</b>	<b>55,427</b>	<b>46,600</b>	<b>43,932</b>	<b>47,565</b>	<b>231,044</b>
<b>Total Proposed Capital programme</b>	<b>67,453</b>	<b>61,057</b>	<b>50,181</b>	<b>46,558</b>	<b>52,741</b>	<b>277,990</b>

- 4.33. In 2025-2026 the capital programme aims to deliver the following key outcomes:

General Fund:

- £8.37m of investment at Sloughbottom Park funded by Levelling Up grant.
- £1.61m to improve private homes for older or disabled residents to enable them to continue living in their own home.

Housing Revenue Account:

- Meeting housing need - delivering 151 council homes by 2029-2030.
- Upgrade of existing housing stock - £29.5m including 950 upgraded heating systems, 810 electrical upgrades, 395 new kitchens, 395 new bathrooms, 150 solar/photovoltaic installations, 100 air-source heat pumps and approximately 3,000 upgraded fire doors.
- Improving the use and management of the existing housing stock - £2.75m disabled adaptation programme.
- Improving neighbourhoods - including 30 door entry system upgrades and an estate aesthetics programme.

**Future capital programme**

- 4.34. As well as the proposed capital programme, the council is continuing with its ambitions to make sustainable improvements to the city and the lives of the residents. The Council continues to recognise that it is likely to need significant investment to advance the priorities and ambitions and continues to explore the possibility of working with both the private sector and other public sector bodies to identify new funding streams and delivery mechanisms that can deliver this.
- 4.35. These schemes will all need to follow the principles as set out in this Capital Strategy and full business cases will need to be submitted and approved before the schemes are recommended for inclusion in the capital budget.

**Funding the capital strategy**

- 4.36. The availability of funding plays a key part in the size and content of the capital programme. The impact of national cuts in grant funding has significantly reduced the level of government support for capital investment and the council must now rely more on its own funding and leveraging in other sources of external funding where this is possible.
- 4.37. The sources of funding available for capital investment by both the general fund and HRA and the proposed strategy for their use is found in Appendix 4 (C). It needs to be emphasised that many of these funding sources can only be used to fund capital expenditure and not the day-to-day costs of providing services.

**Proposed funding of the general fund capital programme**

- 4.38. There are two main influences on the overall size of the general fund capital programme, namely:
- The level of capital resources available, and
  - The extent to which the revenue consequences of the programme, in terms of cost of borrowing or direct revenue funding, can be accommodated within the revenue budget.

**Table 4.3: Projected General Fund Capital Receipts 2025 – 2030**

Capital Receipts Analysis	2025-2026 £000	2026-2027 £000	2027-2028 £000	2028-2029 £000	2029-2030 £000
Existing capital receipts reserve brought forward from previous year	(1,860)	(1,403)	0	0	0
Capital receipts required in year	0	(117)	(320)	(320)	(320)
<b>Total capital receipts</b>	<b>(1,860)</b>	<b>(1,520)</b>	<b>(320)</b>	<b>(320)</b>	<b>(320)</b>
Funding requirement based on capital programme	457	1,520	320	320	320
<b>Balance at end of year</b>	<b>(1,403)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 4.39. The level of capital receipts relies upon the completion of asset sales which cannot be guaranteed and therefore, no additional capital receipts have been assumed at this stage. Furthermore, additional potential capital liabilities such as costs arising from the future review of assets or other expenditure requirements that generate no income may arise, which would place a further demand on resources. To fund additional capital costs, further capital receipts will need to be raised from the disposal of existing assets or revenue budget contributions will need to be increased either to make direct revenue contributions or in support of additional borrowing.

**5. Table 4.4: Proposed funding of the General Fund capital programme**

GF funding	2025-2026 £000	2026-2027 £000	2027-2028 £000	2028-2029 £000	2029-2030 £000	5 year Total
Capital Receipts	457	1,520	320	320	320	<b>2,937</b>
Grants & Contributions	9,942	1,903	2,288	2,256	4,765	<b>21,154</b>
Borrowing	15,917	1,907	973	50	92	<b>18,939</b>
CIL/GNGB/S106	3,617	300	0	0	0	<b>3,917</b>
<b>Total</b>	<b>29,933</b>	<b>5,630</b>	<b>3,581</b>	<b>2,626</b>	<b>5,177</b>	<b>46,947</b>

### **Proposed funding of the HRA capital programme**

- 5.1. The funding of the HRA capital programme follows the funding strategy set out in Appendix 4 (C).
- 5.2. It is proposed to utilise a total of £1.153m of Section 106 contributions to fund the proposed HRA capital programme; £0.374m towards the Mile Cross Depot site development in 2025-2026 and £0.779m towards the Argyle Street development in 2026-2027.
- 5.3. The HRA general reserves (forecast at £48.643m at the end of 2025-2026) will be held to provide a versatile resource to support priorities identified within the HRA Strategy, including the regeneration of existing assets and provision of new social housing.



**Table 4.5: Proposed funding of the HRA capital programme HRA Funding**

HRA funding	2025- 2026 £000	2026- 2027 £000	2027- 2028 £000	2028- 2029 £000	2029- 2030 £000	5 year Total
HRA Capital Receipts	4,440	26,075	9,736	1,050	1,050	<b>42,351</b>
Retained One for One Receipts	7,702	6,909	2,908	1,098	3,356	<b>21,973</b>
Major Repairs Reserve	24,754	14,572	16,880	17,428	18,154	<b>91,788</b>
HRA Grants & Contributions	624	1,029	250	350	250	<b>2,503</b>
HRA Revenue contribution	0	6,842	16,826	24,007	8,866	<b>56,540</b>
HRA Borrowing	0	0	0	0	15,889	<b>15,889</b>
<b>Total HRA Capital Programme Funding</b>	<b>37,520</b>	<b>55,427</b>	<b>46,600</b>	<b>43,932</b>	<b>47,565</b>	<b>231,044</b>

### Enabling our future vision

- 5.4. The capital programme captures the council's vision and desire for projects and investment at a point in time. However, as the vision continues to grow, new projects and investments will continue to be developed throughout the year, which will require business cases and financing plans to be formulated prior to approval by Cabinet and Council. If the project requires funding from external borrowing, we will need to consider the costs of the associated financing and minimum revenue provision or explore opportunities to fund outside the council's balance sheet through alternative delivery routes.

### Alternative delivery routes

- 5.5. The Council will review the best delivery routes for implementing new capital projects as part of the options appraisal undertaken in the business case. These delivery routes largely fall into the following categories:
- Self-develop: this involves the council undertaking the project independently and therefore provides the greatest level of potential return and control but also the greatest cost and exposure to risk.
  - Partnerships: these allow the council to use its assets (usually land and buildings) and possibly some finance, to attract long term investment from the private sector, in order to deliver socio-economic development and regeneration. They are designed to encourage parties to pool resources to deliver projects, with an acceptable balance of risk and return for all involved. A recent example of such an approach is the purchase of Anglia Square, which was funded via a grant from Homes England, with the further development of the site anticipated to be undertaken within an Investment Partnership.
  - Developer led: this usually involves selling the opportunity to a developer, perhaps with an outline planning consent and Development Agreement in place. As an example, the council takes a developer led approach with housing associations.
  - Community Involvement: changes in legislation brought in under the Localism Act introduced the concept of Community Asset Transfer, Community Right to Challenge and Community Right to Bid for services.

This has opened up a whole spectrum of opportunities of private sector investment in community-led capital projects, where deemed appropriate.

## **Delivering the capital strategy**

### **Governance**

- 5.6. The council undertakes democratic decision-making and scrutiny processes which provide overall political direction and accountability for the investment proposed in the capital strategy. These processes include:
- The Council which is ultimately responsible for approving investment in the Capital Strategy.
  - The Cabinet which is responsible for setting the corporate framework and political priorities to be reflected in the Capital Strategy.
  - Scrutiny Committee which is responsible for the annual scrutiny of the proposed budget including the Capital Strategy and which can make recommendations to the Cabinet.
  - Audit Committee which scrutinises the capital investment made in any financial year as reported in the annual Statement of Accounts and the risk of future capital investment proposals. The committee can also make recommendations to the Cabinet.
  - Treasury Management Committee providing review and advice on all investment activity to the Cabinet and Council.
  - Additionally, the Capital Programme Board and Capital Working Group supports the committee structure and Senior Leadership Team with governance and the delivery of projects.
- 5.7. The capital programme is approved by full Council as part of its annual budget report which sets out the funding of the capital programme, the schemes being proposed and how they contribute to the achievement of the Council's priorities, any consequential revenue budget implications, and information on the affordability, proportionality, and risk of the proposals.
- 5.8. Officers can seek approval from Cabinet to approve the inclusion of schemes where they are fully funded from additional grants, that can only be expended on the proposed scheme, and where it meets the Council's aims. This will permit such schemes to progress at pace where alternative application of the funding is not permitted, and where there is no need for additional Council resources to be used.
- 5.9. Some projects have been included in the proposed capital programme, as their strategic importance to one or more of the Council's objectives has been recognised. However, the detailed business case has not been sufficiently developed to identify the expected costs and benefits of these proposals now. These projects have been separately identified within the proposed capital programme, the broad financing has been included but these projects cannot commence until a full business case has been approved; any funding variances will also need to follow the council's financial regulations in relation to capital virements.
- 5.10. In addition, new projects not included within the existing or proposed capital programme, require a full business case to be submitted for approval as and when the information and analysis is available to make a robust decision.

- 5.11. All capital expenditure must be carried out in accordance with the Council's constitution, financial regulations, and contract procedures. Internal audit undertake regular audits of compliance. The monitoring of expenditure against the approved budget, and the forecasting of the year-end outturn, is coordinated by Finance and reported to Cabinet every quarter as part of the overall corporate budget monitoring process.

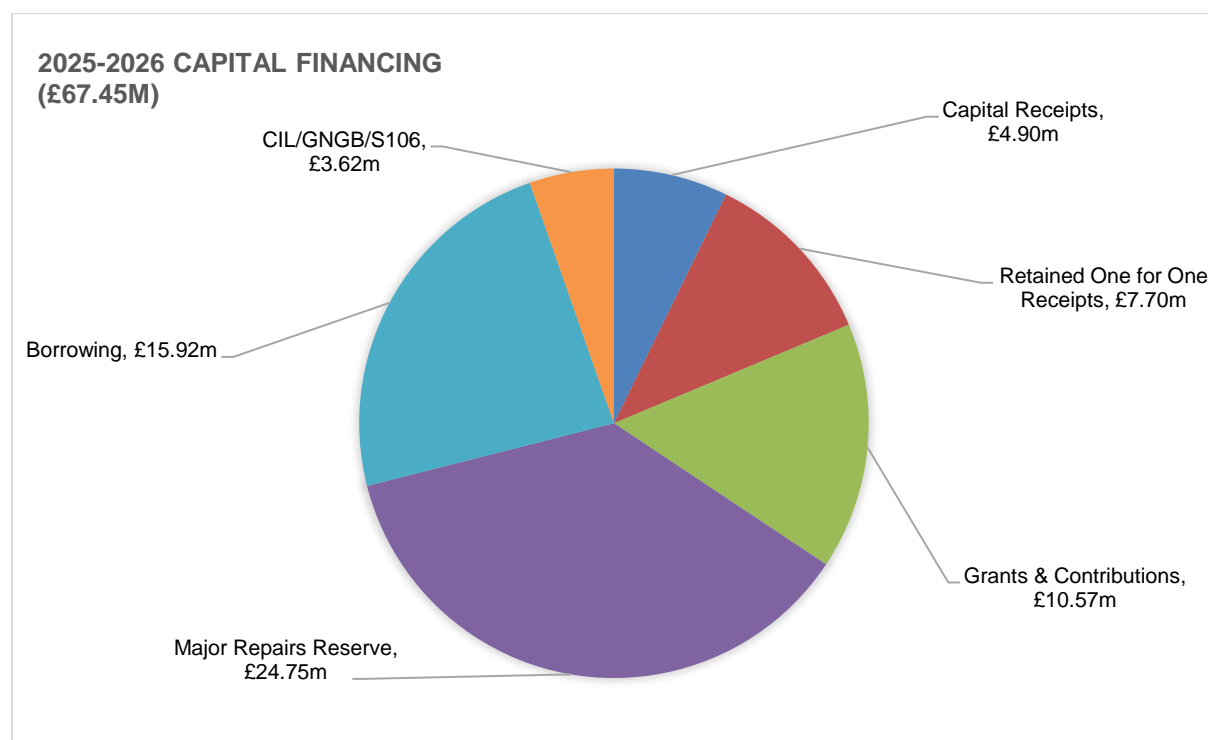
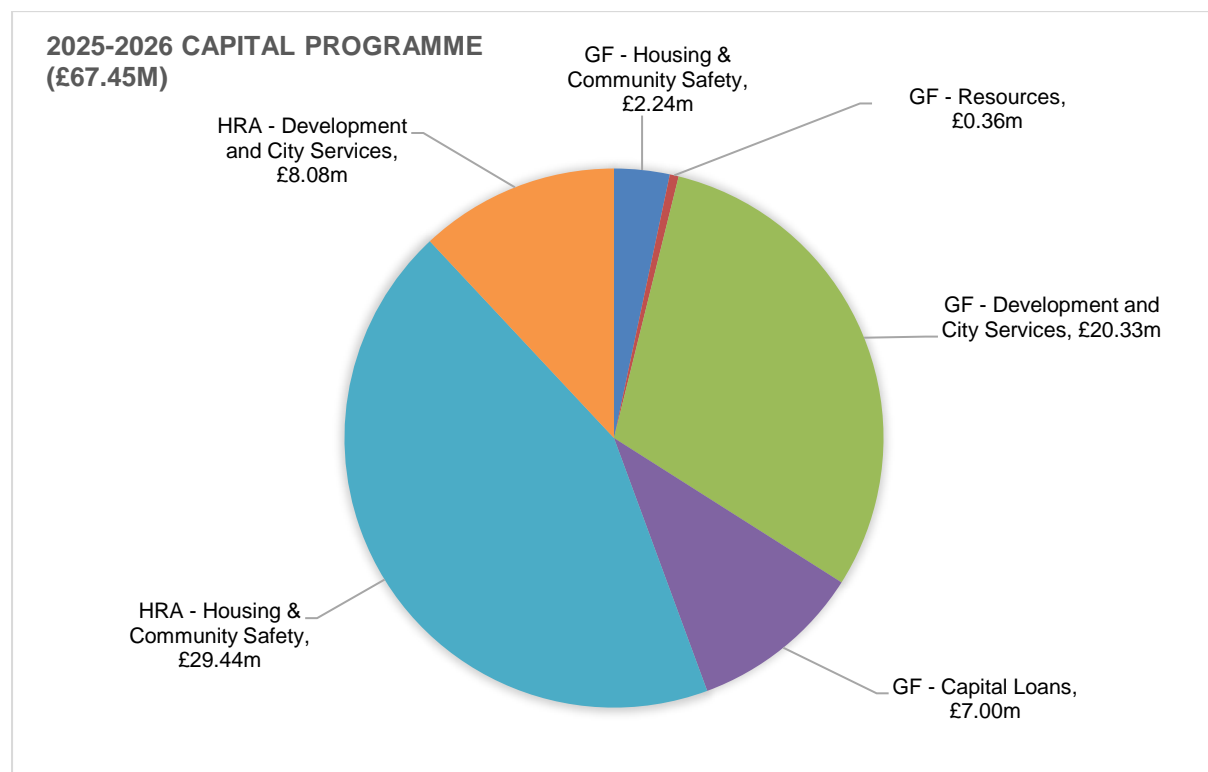
### **Corporate Planning Process**

- 5.12. Capital project proposals form part of the council's annual resource planning processes. Each year, capital project proposals for the following year(s) that align with the priorities identified in the council's community-led plan, are prepared for the corporate and political governance processes, which culminate in the annual budget setting meeting of the Council in February.

### **Knowledge and skills**

- 5.13. The council has professionally qualified staff, or access to such staff across a range of disciplines including finance, legal, planning and property that allow for capital investment decisions to be robustly considered. These individuals follow continuous professional development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.
- 5.14. External professional advice is taken as and when required and will always be sought in consideration of any major regeneration investment decision or joint venture development.
- 5.15. Internal and external training continues to be offered to members to ensure they have up-to-date knowledge and expertise to understand and challenge capital investment decisions.

## Appendix 4 (A): Proposed capital programme and financing 2025-2026



#### Appendix 4 (B): Proposed capital projects 2025-2026 to 2029-2030

Approved General Fund Programme	2025- 2026 £000	2026- 2027 £000	2027- 2028 £000	2028- 2029 £000	2029- 2030 £000	5 year Total £000
<b>Housing &amp; Community Safety</b>						
Riverside Leisure replace plant/equipment	142	7	73	0	0	222
Towns' Fund Make space at The Halls	0	65	0	0	0	65
Community Centre energy efficiency measures	340	0	0	0	0	340
Disabled Facilities Grant	1,500	1,550	1,600	1,700	0	6,350
<b>Approved Programme - Housing &amp; Community Safety</b>	<b>1,982</b>	<b>1,622</b>	<b>1,673</b>	<b>1,700</b>	<b>0</b>	<b>6,977</b>
<b>Resources</b>						
IT Investment Fund	75	75	75	75	0	300
Mobile Handsets Refresh	45	40	0	0	0	85
IT hardware upgrade rolling programme	200	200	200	200	0	800
Revenues & Benefits Programme Improvements	40	0	0	0	0	40
<b>Approved Programme - Resources</b>	<b>360</b>	<b>315</b>	<b>275</b>	<b>275</b>	<b>0</b>	<b>1,225</b>
<b>Development &amp; City Services</b>						
Park Play Equipment Refurbishment	300	300	0	0	0	600
NCS Ltd machinery costs	110	100	100	0	0	310
Eaton Park Pavilion	306	0	0	0	0	306
Parking in Parks (phase 2)	38	0	0	0	0	38
CIL Contribution Strategic	2,067	792	823	1,366	0	5,047
Castle Gardens	393	0	0	0	0	393
Lakenham Way highway and footway upgrades	175	0	0	0	0	175
Exacom planning obligations system	66	0	0	0	0	66
Riverside Walk access improvement	112	0	0	0	0	112

<b>Approved General Fund Programme</b>	<b>2025- 2026 £000</b>	<b>2026- 2027 £000</b>	<b>2027- 2028 £000</b>	<b>2028- 2029 £000</b>	<b>2029- 2030 £000</b>	<b>5 year Total £000</b>
GNGB Marriot's Way/Hellesdon Station	152	0	0	0	0	152
Transforming Cities Fund Contribution	12	0	0	0	0	12
Strategic Property Remediation Fund	919	0	0	0	0	919
Guildhall Long Term External Repairs	54	0	0	0	0	54
St Andrews MSCP Structural Repair works	93	0	0	0	0	93
St Andrews Hall	498	0	0	0	0	498
Kings Court	1,750	0	0	0	0	1,750
Sloughbottom Park works	8,373	0	0	0	0	8,373
<b>Approved Programme - Development and City Services</b>	<b>15,418</b>	<b>1,192</b>	<b>923</b>	<b>1,366</b>	<b>0</b>	<b>18,899</b>
<b>Capital Loans</b>						
Norwich Preservation Trust Loan	1,000	0	0	0	0	1,000
Lion Homes Loan Facility	6,000	1,000	0	0	0	7,000
<b>Approved Programme - Capital Loans</b>	<b>7,000</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,000</b>
<b>Total General Fund Approved Programme</b>	<b>24,760</b>	<b>4,129</b>	<b>2,870</b>	<b>3,341</b>	<b>0</b>	<b>35,100</b>

<b>Proposed Adjustments to General Fund Capital Schemes for approval</b>	<b>2025-2026 £000</b>	<b>2026-2027 £000</b>	<b>2027-2028 £000</b>	<b>2028-2029 £000</b>	<b>2029-2030 £000</b>	<b>5 year Total £000</b>
Housing & Community Safety						
Riverside Leisure replace plant/equipment	(42)	0	0	0	42	0
TF make space at The Halls	72	(65)	0	0	0	7
UK Shared Prosperity Fund	96	0	0	0	0	96
Disabled Facilities Grant	105	0	0	0	1,700	1,805
<b>Proposed Adjustments to Programme - Housing &amp; Community Safety</b>	<b>231</b>	<b>(65)</b>	<b>0</b>	<b>0</b>	<b>1,742</b>	<b>1,908</b>
Resources						
IT Investment Fund	0	0	0	0	75	75
Mobile Handsets Refresh	0	5	45	45	45	140
IT hardware upgrade rolling programme	0	0	0	0	200	200
<b>Proposed Adjustments to Programme - Resources</b>	<b>0</b>	<b>5</b>	<b>45</b>	<b>45</b>	<b>320</b>	<b>415</b>
Development & City Services						
Eaton Park pavilion	674	0	0	0	0	674
CIL Contribution Strategic	(1,853)	(438)	(135)	(810)	3,065	(171)
Strategic Property Remediation Fund	(335)	750	750	0	0	1,165
<b>Proposed Adjustments to Programme - Development and City Services</b>	<b>(1,514)</b>	<b>312</b>	<b>615</b>	<b>(810)</b>	<b>3,065</b>	<b>1,667</b>
<b>Total Proposed Adjustments to General Fund Programme</b>	<b>(1,283)</b>	<b>252</b>	<b>660</b>	<b>(765)</b>	<b>5,127</b>	<b>3,991</b>

<b>Proposed General Fund Capital Schemes for approval - subject to Business Case</b>	<b>2025- 2026 £000</b>	<b>2026- 2027 £000</b>	<b>2027- 2028 £000</b>	<b>2028- 2029 £000</b>	<b>2029- 2030 £000</b>	<b>5 year Total £000</b>
Housing & Community Safety						
CCTV camera upgrades GF	31	0	0	0	0	31
<b>Proposed Programme - Housing &amp; Community Safety</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31</b>
Resources						
IT infrastructure refresh	0	550	0	0	0	550
Network Equipment	0	500	0	0	0	500
IT Unix Server Refresh	0	150	0	0	0	150
<b>Proposed Programme - Resources</b>	<b>0</b>	<b>1,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,200</b>
<b>Proposed General Fund Capital Schemes for approval - subject to Business Case</b>	<b>2025- 2026 £000</b>	<b>2026- 2027 £000</b>	<b>2027- 2028 £000</b>	<b>2028- 2029 £000</b>	<b>2029- 2030 £000</b>	<b>5 year Total £000</b>
Development & City Services						
Lion Wood	507	0	0	0	0	507
UEA area transport project	65	0	0	0	0	65
Henderson Park contribution	38	0	0	0	0	38
Bluebell Road bus shelter	10	0	0	0	0	10
Marl Pit Play Spaces	17	0	0	0	0	17
Food waste collection vehicles	300	0	0	0	0	300
Sweet Briar Marshes	546	0	0	0	0	546
Earlham and Rosary cemetery signage	50	0	0	0	0	50
NCSL grounds maintenance machinery	500	0	0	0	0	500
Shrub bed reduction programme	50	50	50	50	50	250
Stafford Park Telford upgrade works	2,000	0	0	0	0	2,000
Strangers Hall roof upgrade	250	0	0	0	0	250



<b>Proposed General Fund Capital Schemes for approval - subject to Business Case</b>	<b>2025- 2026 £000</b>	<b>2026- 2027 £000</b>	<b>2027- 2028 £000</b>	<b>2028- 2029 £000</b>	<b>2029- 2030 £000</b>	<b>5 year Total £000</b>
St Benedicts/St Bartholomew towers	300	0	0	0	0	300
City Hall Ground Floor Accessibility Improvements	525	0	0	0	0	525
Market provision improvements	260	0	0	0	0	260
Lawrence House	88	0	0	0	0	88
Blackfriars Hall roof upgrade	920	0	0	0	0	920
<b>Proposed Programme - Development and City Services</b>	<b>6,425</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>6,625</b>
<b>Total General Fund Proposed Programme subject to business case</b>	<b>6,456</b>	<b>1,250</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>7,856</b>
<b>Total General Fund Programme</b>	<b>29,933</b>	<b>5,630</b>	<b>3,581</b>	<b>2,626</b>	<b>5,177</b>	<b>46,947</b>

<b>Approved Housing Revenue Account Programme</b>	<b>2025-2026 £000</b>	<b>2026-2027 £000</b>	<b>2027-2028 £000</b>	<b>2028-2029 £000</b>	<b>2029-2030 £000</b>	<b>5 year Total £000</b>
<b>Development &amp; City Services</b>						
HRA Mile Cross Depot Site	10,722	12,711	11,071	6,560	0	41,064
Argyle Street Development	3,437	0	0	0	0	3,437
Development pipeline projects	70	70	70	70	0	280
New Build Opportunities	500	500	500	500	0	2,000
Capital Grants Housing Associations	1,000	1,000	1,000	1,000	0	4,000
<b>Approved Programme - Development and City Services</b>	<b>15,729</b>	<b>14,281</b>	<b>12,641</b>	<b>8,130</b>	<b>0</b>	<b>50,782</b>
<b>Housing &amp; Community Safety</b>						
HRA upgrades - Electrical	2,000	2,000	2,000	2,000	0	8,000
HRA upgrades - Whole House Improvements	1,000	1,000	1,000	1,000	0	4,000
HRA upgrades - Kitchens	1,653	2,363	2,163	2,163	0	8,340
HRA upgrades - Bathrooms	1,503	1,403	1,553	1,553	0	6,010
HRA upgrades - Heating/Boilers Communal	1,350	1,000	1,000	1,000	0	4,350
HRA upgrades - Heating/Boilers Domestic	600	400	200	200	0	1,400
HRA upgrades - Thermal Comfort	200	200	200	200	0	800
HRA upgrades - Solar Thermal/Photovoltaic	500	500	500	500	0	2,000
HRA upgrades - Windows	2,000	2,000	2,000	2,000	0	8,000
HRA upgrades - Doors	5,500	4,000	4,000	4,000	0	17,500
HRA upgrades - Door Access Controls	703	623	727	727	0	2,778
HRA upgrades - Estate Aesthetics	200	200	200	200	0	800
HRA upgrades - HRA Shops	100	100	100	100	0	400
HRA upgrades - Sheltered Housing Communal Facilities	38	38	38	38	0	150
HRA upgrades - Re-Roofing	1,500	1,500	1,500	1,500	0	6,000

<b>Approved Housing Revenue Account Programme</b>	<b>2025-2026 £000</b>	<b>2026-2027 £000</b>	<b>2027-2028 £000</b>	<b>2028-2029 £000</b>	<b>2029-2030 £000</b>	<b>5 year Total £000</b>
HRA upgrades - Structural	500	500	500	500	0	2,000
HRA upgrades - Lift Upgrades	500	500	500	500	0	2,000
HRA upgrades - Water Hygiene Upgrades	50	50	50	50	0	200
HRA Upgrades - Tower Blocks	4,125	5,125	3,125	3,125	0	15,500
HRA upgrades - Community Alarm	0	0	0	0	0	0
HRA upgrades - Renewable Heating	1,000	1,200	1,400	1,400	0	5,000
HRA upgrades - Stock Condition Survey	100	100	100	100	0	400
HRA upgrades - Property Services fees	691	691	691	691	0	2,764
HRA upgrades - Compliance Upgrades	0	0	0	0	0	0
HRA upgrades - Disabled Adaptations	2,300	2,300	2,300	2,300	0	9,200
HRA upgrades - Energy efficiency measures	2,098	0	0	0	0	2,098
<b>Approved Programme - Housing &amp; Community Safety</b>	<b>30,209</b>	<b>27,791</b>	<b>25,845</b>	<b>25,845</b>	<b>0</b>	<b>109,690</b>
<b>Development &amp; City Services</b>						
HRA Mile Cross Depot Site	(7,244)	(597)	(5,199)	(5,935)	5,142	(13,833)
Argyle Street Development	(410)	846	0	100	0	537
Development pipeline projects	0	0	0	0	70	70
New Build Opportunities	0	0	0	0	500	500
Capital Grants Housing Associations	0	0	0	0	1,000	1,000
<b>Proposed Adjustment to Housing Revenue Account Programme - Development and City Services</b>	<b>(7,654)</b>	<b>249</b>	<b>(5,199)</b>	<b>(5,834)</b>	<b>6,712</b>	<b>(11,726)</b>
<b>Housing &amp; Community Safety</b>						
HRA upgrades - Electrical	(485)	438	188	0	1,118	1,258
HRA upgrades - Whole House Improvements	500	(200)	(300)	(300)	700	400
HRA upgrades - Kitchens	493	75	575	1,346	4,453	6,941

<b>Proposed Adjustment to Housing Revenue Account</b>	<b>2025-2026 £000</b>	<b>2026-2027 £000</b>	<b>2027-2028 £000</b>	<b>2028-2029 £000</b>	<b>2029-2030 £000</b>	<b>5 year Total £000</b>
HRA upgrades - Bathrooms	18	0	(150)	(184)	1,251	935
HRA upgrades - Heating/Boilers Communal	(400)	(1,000)	(1,000)	(1,000)	0	(3,400)
HRA upgrades - Heating/Boilers Domestic	2,500	965	1,110	528	393	5,496
HRA upgrades - Thermal Comfort	(200)	(200)	(200)	(200)	0	(800)
HRA upgrades - Solar Thermal/Photovoltaic	100	4,486	4,486	4,596	5,636	19,303
HRA upgrades - Windows	(650)	(804)	(813)	(752)	616	(2,403)
HRA upgrades - Doors	(1,295)	(2,745)	(2,675)	(2,825)	719	(8,821)
HRA upgrades - Door Access Controls	200	0	0	(27)	458	631
HRA upgrades - Estate Aesthetics	50	300	300	300	500	1,450
HRA upgrades - HRA Shops	(100)	0	0	0	100	0
HRA upgrades - Sheltered Housing Communal Facilities	143	13	13	13	50	230
HRA upgrades - Re-Roofing	500	2,666	2,305	3,449	5,446	14,365
HRA upgrades - Structural	0	194	240	1,612	1,986	4,033
HRA upgrades - Lift Upgrades	(300)	(425)	(425)	(425)	75	(1,500)
HRA upgrades - Water Hygiene Upgrades	0	200	200	200	275	875
HRA Upgrades - Tower Blocks	(3,125)	(125)	(125)	(125)	3,000	(500)
HRA upgrades - Community Alarm	180	150	150	150	150	780
HRA upgrades - Renewable Heating	95	8,219	8,786	8,786	10,186	36,072
HRA upgrades - Stock Condition Survey	200	200	200	200	300	1,100
HRA upgrades - Property Services fees	0	(0)	(0)	(0)	691	691
HRA upgrades - Compliance Upgrades	250	250	250	250	250	1,250
HRA upgrades - Disabled Adaptations	450	450	200	200	2,500	3,800
<b>Proposed Adjustment to Housing Revenue Account Programme - Housing &amp; Community Safety</b>	<b>(878)</b>	<b>13,106</b>	<b>13,313</b>	<b>15,791</b>	<b>40,853</b>	<b>82,185</b>

<b>Proposed Adjustment to Housing Revenue Account</b>	<b>2025- 2026 £000</b>	<b>2026- 2027 £000</b>	<b>2027- 2028 £000</b>	<b>2028- 2029 £000</b>	<b>2029- 2030 £000</b>	<b>5 year Total £000</b>
<b>Housing &amp; Community Safety</b>						
CCTV camera upgrades HRA	114	0	0	0	0	114
<b>Proposed Programme subject to business case - Housing &amp; Community Safety</b>	<b>114</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>114</b>
<b>Total HRA Programme</b>	<b>37,520</b>	<b>55,427</b>	<b>46,600</b>	<b>43,932</b>	<b>47,565</b>	<b>231,044</b>
<b>Total Overall Capital Programme</b>	<b>67,453</b>	<b>61,057</b>	<b>50,181</b>	<b>46,558</b>	<b>52,741</b>	<b>277,990</b>

**Appendix 4 (C): The council's capital funding sources & strategy for their use**

Funding source	Description and proposed strategy for its use
Revenue budget	<p><b>Description:</b> The use of the annual revenue budget to directly fund capital expenditure (also known as a Revenue Contribution to Capital Outlay (RCCO)).</p> <p><b>General Fund strategy:</b> The revenue budget can be used to fund capital projects where there is no financial return from the investment to cover the costs of borrowing.</p> <p><b>HRA strategy:</b> The HRA RCCO is the most versatile funding source and is therefore only utilised for capital expenditure after first taking into account resources available from grants, contributions, the Major Repairs Reserve (MRR), and retained one for one Right to Buy capital receipts.</p>
Capital receipts	<p><b>Description:</b> Income receipt arising from the sale of assets or repayment of capital loans. Can only be used to fund capital expenditure or repay capital debt.</p> <p><b>General Fund strategy:</b> Capital receipts are held centrally and used as a corporate resource. Capital receipts income (along with the revenue budget) is usually used to fund capital projects where the anticipated life of the asset is short (e.g. IT equipment and vehicles). Where proceeds from the disposal of commercial properties, which were originally funded by borrowing, are received, where appropriate those sums will be applied to reduce debt.</p> <p><b>HRA strategy:</b> Non-Right-to-Buy HRA capital receipts arise from the disposal of HRA property and land other than dwellings and may be utilised to fund any HRA capital expenditure, except for projects that are being part funded by Right to Buy Retained 'One for One' Receipts. Due to this restriction, this resource is utilised to fund the HRA capital upgrade programme after resources arising from grants, contributions and the MRR have been applied, but prior to the use of general reserves and borrowing.</p> <p><b>Use of capitalisation flexibilities:</b> Regulations around the flexible use of capital receipts allow the council to use new capital receipts to fund the revenue costs of council service reviews that will generate savings in future years. This is subject to the council approving a policy on the flexible use of capital receipts. The council currently has sufficient funds in its earmarked spend-to-save reserves and therefore has no proposal to make use of these flexibilities.</p>

Funding source	Description and proposed strategy for its use
Leasing	<p><b>Description:</b> A lease is a contractual arrangement between the lessee (user) to pay the lessor (owner) for use of an asset. Property, equipment and vehicles are common assets that are leased. Leasing offers a way of financing the use of assets over a period of time without actually having to buy them outright.</p> <p><b>Strategy for its use:</b> Some assets used by the Council are financed by a lease arrangement; for example, vehicles. There may be instances where leasing can offer value for money, and it will remain a consideration when options are being appraised. However, if the cost of borrowing through PWLB is low compared to the implicit interest rates within any leased asset arrangement, it is likely to be better value for money if the council funds the asset itself via borrowing. Leasing cannot be undertaken without the specific approval of the S151 Officer to ensure that new accounting arrangements have been considered fully.</p>

Funding source	Description and proposed strategy for its use
Right-to-buy capital receipts	<p><b>Description:</b> Income arising from Right-to-Buy sales of Council dwellings comprise three elements, the Treasury Share, which is passed to the government, the local authority share and the retained 'one for one' receipts. These funding sources are only available to the HRA.</p> <p><b>Local Authority Share:</b> An element of capital receipts arising from the sale of an HRA dwelling under Right-to-Buy that may be retained indefinitely by the council and utilised to fund any HRA capital expenditure.</p> <p><b>Strategy for its use:</b> As with other HRA capital receipts, these may be utilised to fund any HRA capital expenditure, except for projects that are being part funded by Right to Buy Retained 'One for One' Receipts. Due to this restriction, this resource is utilised to fund the HRA capital upgrade programme after resources arising from grants, contributions and the MRR have been applied, but prior to the use of general reserves and borrowing.</p> <p><b>Retained 'One for One' Receipts:</b> The use of this share is limited under statute and can only be used to fund up to 50% of the overall cost of new social housing and must be utilised within 5 years of the date of retention or be returned to central government along with a punitive interest charge. However, for 2024-2025 and 2025-2026, increased flexibilities enable 100% of the cost of new social housing to be funded from this resource.</p> <p><b>Strategy for its use:</b> The use of this resource is maximised, and monitoring is undertaken during the year to ensure the council is not at risk of having to pay the receipts plus interest to central government. Council has prioritised the funding of its own HRA capital programme in utilising these receipts, but when unable to do so the priorities are:</p> <ol style="list-style-type: none"> <li>1. Providing grant to Registered Providers to develop additional social rented housing, or when unable to do so.</li> <li>2. Providing grant to Registered Providers to develop additional affordable rented housing.</li> </ol>
General Reserves	<p><b>Description:</b> General (non-earmarked) reserves can be used to fund either revenue or capital expenditure.</p> <p><b>General Fund strategy:</b> The general fund reserve is planned to be used to help finance the revenue budget over the MTFS until the reserve reaches the prudent minimum level. There are no plans for it to be used to fund capital expenditure.</p> <p><b>HRA strategy:</b> The HRA general reserve is planned to be used as necessary to finance revenue and capital budgets in line with the HRA business plan, until the reserve reaches the prudent minimum balance.</p>
Major Repairs Reserve (MRR)	<p><b>Description:</b> The Major Repairs Reserve is created from an annual depreciation charge to HRA revenue budgets.</p> <p><b>Strategy for its use:</b> This is used as the first source of funding for the HRA capital upgrade programme.</p>



Funding source	Description and proposed strategy for its use
<b>Capital grants</b>	<p><b>Description:</b> Grants given to the council to fund, either in whole or in part, specific capital projects</p> <p><b>Strategy for their use:</b> the council will actively pursue grants and other contributions as well as other innovative solutions for the funding of capital investment schemes. This funding will be utilised in the first instance if the capital projects they fund meet the city's priorities and have no revenue budget or other onerous implications.</p>
<b>Section 106, GNGB and CIL</b>	<p><b>Description:</b> Contributions paid by developers to mitigate the impact of new development across the city.</p> <p><b>Section 106:</b> Contributions may be utilised to fund capital schemes but must be used in accordance with any obligations imposed by each legal agreement, such as time limits, area restrictions or service restrictions. These are now diminishing as S106s have instead largely been replaced by CIL contributions.</p> <p><b>CIL (Community Infrastructure Levy):</b> 80% of CIL contributions collected are paid to the Greater Norwich Growth Board (GNGB) to fund the Infrastructure Investment Fund in accordance with an existing memorandum of understanding. Where appropriate the council submits bids which may be utilised to fund capital schemes.</p> <p>15% of CIL contributions are retained for local neighbourhood sponsored schemes. Contributions may provide matched funding to secure grant funding from central government or the local enterprise partnership.</p>
<b>Borrowing</b>	<p><b>Description:</b> <b>Internal borrowing</b> is the <i>temporary</i> use of the council's cash holdings to fund capital expenditure. <b>External borrowing</b> is the process of taking debt finance from an external institution.</p> <p>Where capital expenditure is to be funded from borrowing, consideration will be given to the additional costs arising, such as interest charges and any Minimum Revenue Provision (MRP) costs. The council's borrowing will be proportionate to the size of the council's balance sheet and revenue budget.</p> <p>All executive decisions on borrowing, investment or financing, within the limits and principles agreed by Council in the annual Treasury Management Strategy, are delegated to the Section 151 officer (chief finance officer), under the council's constitution, who is required to act in accordance with CIPFA's Treasury Management Code of practice. The Section 151 officer will decide whether to use internal instead of external borrowing as a temporary source of financing if at the time:</p> <ul style="list-style-type: none"> <li>(a) The council's overall cash holdings are above the minimum amount of cash deemed necessary for working capital purposes– (see the Treasury Management Strategy in part 6).</li> <li>(b) The current interest rate environment remains volatile and as such opportunities to redeem debt or other capital financing decisions will be kept under review in conjunction with advice from the council's treasury advisers, Link Asset Services, if necessary.</li> </ul>



## 5. TREASURY MANAGEMENT STRATEGY

Item 5

### Background

- 5.1 The Council is required to operate a balanced budget. Part of the council's treasury management operation is to ensure that cash flow is planned, so that cash is available when it is needed. Surplus monies are invested in counterparties or instruments commensurate with the Council's low risk appetite, providing security and liquidity before considering investment return.
- 5.2 Another function of treasury management is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing needs of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging loans (external borrowing) or using cash flow surpluses (internal borrowing). Sometimes, when it is prudent and economic, loan debt may be restructured to support the Council's risk or cost objectives.
- 5.3 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day expenditure or for larger capital projects. The council's treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will result in a loss of resources to the General Fund.
- 5.4 The Chartered Institute of Public Finance & Accountancy (CIPFA) defines treasury management as: "The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 5.5 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.
- 5.6 This section of the budget report meets the council's legal obligation under the Local Government Act 2003 to have regard to relevant codes of practice and guidance issued by CIPFA (Chartered Institute of Public Finance & Accountancy) and the Ministry of Housing, Communities and Local Government (MHCLG).
- 5.7 This section of the budget report also fulfils the requirement for council to approve:

- A treasury management strategy before the start of each financial year (as required by CIPFA's Treasury Management Code) including treasury indicators.
  - Prudential indicators to ensure that the council's capital investment plans are affordable, prudent and sustainable (as required by CIPFA's Prudential Code).
  - An annual investment strategy before the start of each financial year (as required by MHCLG's Investment Code).
  - A Minimum Revenue Provision (MRP) policy (as required by MHCLG's MRP guidance).
- 5.8 The council's investment in commercial property, equity shares, and lending to third parties is considered in the capital strategy in Section 4.
- 5.9 However, for the purposes of clarity, the projections, indicators and limits given in this section of the budget report include:
- The general fund and HRA proposed capital programme and its funding as set out in Section 4, Tables 4.2, 4.4 and 4.5.
  - The implications for the council's capital financing requirement and borrowing position arising from the non-financial investments proposed in Section 4 of this report.

## **Reporting Requirements**

### **Capital Strategy**

- 5.10 The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report which will provide the following:
- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
  - an overview of how the associated risk is managed
  - the implications for future financial sustainability
- 5.11 The aim of the strategy is to ensure that all the Authority's elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

### **Treasury management reporting requirements**

- 5.12 The Council's Treasury Management Committee meets quarterly to support the in-depth consideration of a range of matters relating to the governance of the Council's treasury management activity.

5.13 To support the Committee to meet its terms of reference and schedule forward meeting dates, a core annual workplan has been adopted as follows:

January	<b>Treasury Management Committee - January Meeting</b> • Consider the Annual Treasury Management Strategy Statement (TMS) prior to adoption by council
February	Full Council to receive Treasury Management Strategy
April	<b>Treasury Management Committee - April Meeting</b> • Review proposed treasury activity for forthcoming year • Initial update on end of year position
May	Statutory Accounts preparation
June	Treasury Management Outturn Report preparation
July	<b>Treasury Management Committee - July Meeting</b> • Consider outturn position report
August	Full Council to receive Treasury Management Outturn Report
October	Treasury Management Mid-Year Review Report preparation
November	<b>Treasury Management Committee - November Meeting</b> • Consider mid-year report • Consider initial Treasury Management Strategy changes for forthcoming year • Agree the Committee annual workplan
December	Full Council to receive Treasury Management Mid-Year Review Report

5.14 All Treasury Management quarterly reports will initially be presented to the Treasury Management Committee before onward reporting to Cabinet and Full Council.

5.15 The council is required to receive and approve as a minimum, three main reports each year, which incorporate a variety of, policies, estimates and actuals.

- Annual reporting requirements before the start of the year including - a review of the organisation's approved plans, treasury management policy statements, prudential and treasury indicators and treasury strategy (this report).
- A mid-year treasury management report – This will update members with the progress of activities undertaken, any material decisions, interim performance including an update on the capital position and amend any policies or prudential indicators as necessary.
- An annual treasury report after year-end – This provides details of compliance with prudential and treasury indicators, the impact of actual treasury operations compared to the estimates within the strategy.

5.16 As part of implementing the new requirements of the Treasury Management Code of Practice, in addition to the three major reports detailed above, quarterly reporting (to the end of June and to the end of December) is also required. These additional reports will also be presented to the Treasury

Management Committee. Full details of the scheme of delegation are shown at Appendix D.

### **Treasury management - role of the Section 151 Officer**

- 5.17 Under the Treasury Management Code of Practice, the council's S151 officer has specific responsibilities. A list of responsibilities is supplied at Appendix E.

### **Treasury management practices**

- 5.18 The new CIPFA Treasury Management Code provides details of what CIPFA recommends an organisation's treasury management practices (TMPs). Each TMP requires a detailed explanation of the practices undertaken by the Council's Treasury Management team. The council's TMP's will continue to be developed to respond to best practice and regulatory updates.

### **Treasury Management Strategy 2025-2026**

- 5.19 The strategy for 2025-2026 covers two main areas:

#### **Capital issues:**

- the capital expenditure plans and the associated prudential indicators
- the minimum revenue provision (MRP) policy

#### **Treasury management issues:**

- the current treasury position
- treasury indicators which limit the treasury risk and activities of the Authority
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy; and
- the policy on use of external service providers

- 5.20 These elements cover the requirements of the Local Government Act 2003, DHLUC (now MHCLG) Investment Guidance, DHLUC (now MHCLG) MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

### **Training**

- 5.21 The CIPFA Treasury Management Code requires the responsible officer to ensure that all staff and members with responsibility for treasury management receive adequate training in this area. The S151 officer is responsible for this function in this Council. Full details of the S151 officer's responsibilities are shown at Appendix E.

- 5.22 The Code also states that “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.
- 5.23 As a minimum, authorities should carry out the following to monitor and review knowledge and skills:
- Record attendance at training and ensure action is taken where poor attendance is identified.
  - Prepare tailored learning plans for treasury management officers and board/council members.
  - Require treasury management officers and council members to undertake self-assessment against the required competencies.
  - Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.”
- 5.24 The training needs of treasury management officers are recorded and periodically reviewed as part of the formal annual employee performance review. Member training is delivered via the Treasury Management Committee. At its meeting on 16th July 2024 members of the Treasury Management Committee received training presentations from the Councils Treasury Advisors including an Economic Outlook and balance sheet review.

### **Treasury management advisers**

- 5.25 The council uses Link Asset Services as its external treasury management advisers.
- 5.26 Responsibility for treasury management decisions remains with the council at all times. Although the council will from time to time require the services of specialists, consultants and advisers in order to acquire access to specialist skills, undue reliance will not be placed upon the services and advice provided.

### **The Capital Prudential Indicators 2025-2026 to 2029-2030**

- 5.27 The council’s capital expenditure plans are a key driver of treasury management activity. A summary of the council’s capital budget plans and how these are being financed is shown in table 5.1. The prudential indicators, which are designed to assist members’ overview and confirm capital expenditure plans are prudent, affordable and sustainable.

### **Capital Expenditure and Financing**

- 5.28 This prudential indicator is a summary of the Authority’s capital expenditure plans, both those agreed previously, and those forming part of the new budget

cycle. The table below summarises the capital expenditure plans for the General Fund and HRA and how these plans are being financed by capital or revenue resources. Any shortfall of capital resources results in a need for borrowing. Further details are set out in the Capital and Commercial Strategy in Section 4.

**Table 5.1: The council's capital expenditure and financing plans**

	2024/25 Estimate £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000
<b>Capital expenditure</b>						
General Fund	23,136	22,933	4,630	3,581	2,626	5,177
Capital Loans	0	7,000	1,000	0	0	0
<b>Total General Fund Expenditure</b>	<b>23,136</b>	<b>29,933</b>	<b>5,630</b>	<b>3,581</b>	<b>2,626</b>	<b>5,177</b>
Housing Revenue Account	30,151	37,520	55,427	46,600	43,932	47,565
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>53,287</b>	<b>67,453</b>	<b>61,057</b>	<b>50,181</b>	<b>46,558</b>	<b>52,741</b>
<b>Financing</b>						
Capital receipts	1,464	4,897	27,595	10,056	1,370	1,370
Capital receipts (ringfenced)	0	0	0	0	0	0
Retained "one for one" RTB receipts	5,459	8,075	6,909	2,908	1,098	3,356
Major repairs reserve	22,009	24,754	14,572	16,880	17,428	18,154
Contributions and grants	16,001	9,978	2,579	1,850	2,050	1,950
Revenue contribution	450	0	6,842	16,826	24,007	8,866
Revenue contribution from earmarked reserves	0	0	0	0	0	0
Greater Norwich growth partnership	62	2,929	0	0	0	0
Community infrastructure levy	747	214	353	688	556	3,065
S106	867	688	300	0	0	0
<b>Total</b>	<b>47,059</b>	<b>51,536</b>	<b>59,150</b>	<b>49,208</b>	<b>46,508</b>	<b>36,760</b>
<b>Borrowing need for the year</b>	<b>6,228</b>	<b>15,917</b>	<b>1,907</b>	<b>973</b>	<b>50</b>	<b>15,981</b>
<b>TOTAL FINANCING</b>	<b>53,287</b>	<b>67,453</b>	<b>61,057</b>	<b>50,181</b>	<b>46,558</b>	<b>52,741</b>

### **The Authority's Borrowing Need (the Capital Financing Requirement)**

5.29 The Capital Financing Requirement (CFR) calculation for 2025-2026 and future years of the capital programme is shown below in table 5.2(i). This is the total historic outstanding capital expenditure yet to be financed from revenue or capital resources and a future projection of CFR based on capital expenditure plans. It is a measure of the council's indebtedness, and therefore its underlying borrowing need. The CFR also includes other long-term liabilities such as finance leases.



- 5.30 The CFR incorporates interim figures in relation to the new reporting requirements detailed within IFRS16. The reporting standard requires the liabilities of certain leases currently accounted for through the revenue spend of the Council, to be shown on the balance sheet, for example, if the lease has more than a year to run or is above a de-minimis value. An example for Norwich is vehicles procured through an operating lease.
- 5.31 IFRS16 remains a requirement of closing the accounts for 2024-2025 and officers continue to undertake the required data gathering exercise and model calculations, which will clarify the full impact on the CFR for the Council. It is therefore important to note that there may be a requirement to refresh the authorised limit and operational boundary once the review is substantially complete as part of the 2024-2025 closure of accounts process.
- 5.32 The general fund CFR does not increase indefinitely, as a Minimum Revenue Provision (MRP) is made each year which is a statutory annual revenue charge which broadly reduces indebtedness in line with each asset's expected life
- 5.33 The repayment of loan debt made to external organisations also reduces the CFR where the loan has been financed by borrowing.

**Table 5.2(i): Capital Prudential Indicators**

	2024-2025 Estimate £000	2025-2026 Estimate £000	2026-2027 Estimate £000	2027-2028 Estimate £000	2028-2029 Estimate £000	2029-2030 Estimate £000
<b>Capital financing requirement at end of year</b>						
General Fund	98,795	113,849	113,983	114,140	113,318	112,480
Housing Revenue Account	208,532	208,532	208,532	208,532	208,532	224,421
<b>TOTAL</b>	<b>307,327</b>	<b>322,381</b>	<b>322,515</b>	<b>322,672</b>	<b>321,850</b>	<b>336,901</b>
<b>Movement in Capital financing requirement</b>						
General fund	7,497	15,055	134	158	(822)	(838)
Housing Revenue Account	0	0	0	0	0	15,889
<b>TOTAL</b>	<b>7,497</b>	<b>15,055</b>	<b>134</b>	<b>158</b>	<b>(822)</b>	<b>15,051</b>

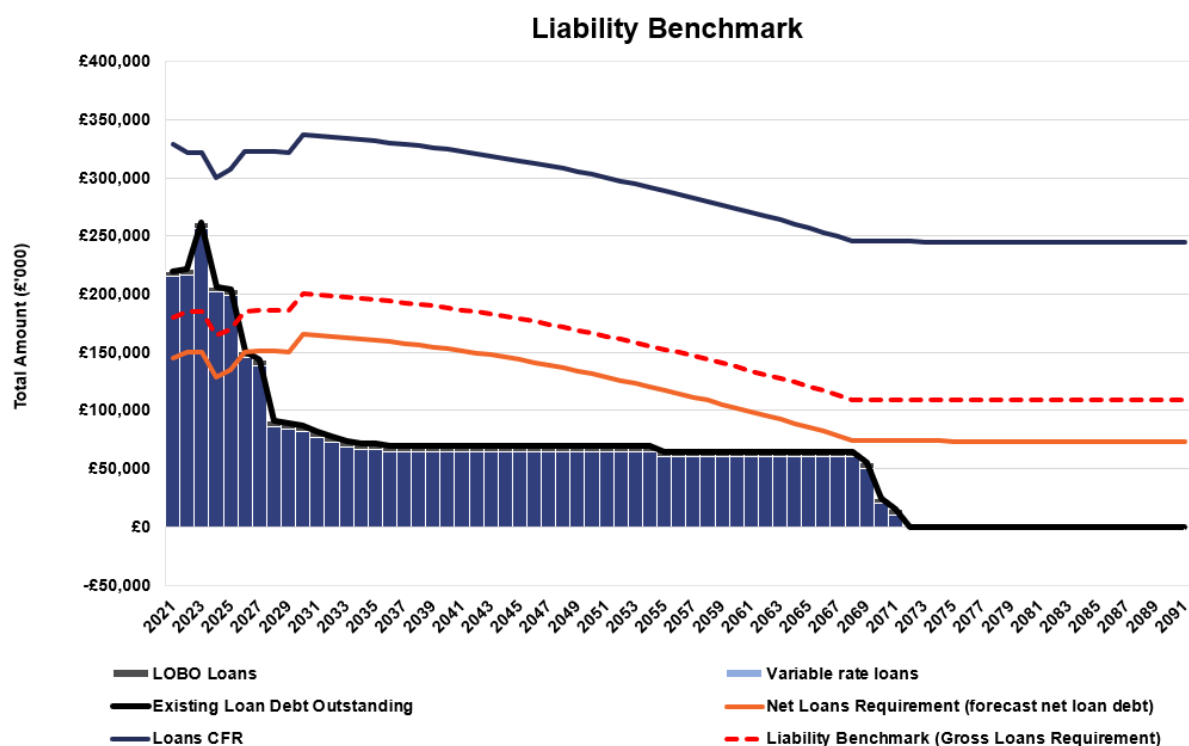
### Liability Benchmark

- 5.34 The Authority is required to estimate and measure the Liability Benchmark for the forthcoming financial year and the following two financial years, as a minimum. The Benchmark is included to determine the appropriate structure of the Councils external loans profile and is presented as a chart reflecting four balances as follows:
- Existing loan debt outstanding: the authority's existing loans which are still outstanding in future years.
  - Loans CFR: calculated in accordance with the loans CFR definition in the Prudential Code, and projected into the future based on approved prudential borrowing and planned MRP taking account of approved prudential borrowing.

- Net loans requirement: the authority's gross loan debt, less treasury management investments, at the last financial year end, projected into the future based on its approved prudential borrowing, planned MRP and any other forecast major cash flows and,
- Liability benchmark (or Gross Loans Requirement) = Net loans requirement + short term liquidity allowance.

5.35 Chart 5.1 shows the Council's existing outstanding loan debt in the blue and grey bars bordered by the black line. The dark blue line at the top of the chart shows the Council's Capital Financing Requirement (CFR). The orange line shows the net outstanding loan position after deducting treasury management investments. The red dotted line is the Liability Benchmark (Gross Loan requirement) which is net loans plus a liquidity allowance. The liability Benchmark is significantly below the CFR demonstrating the Councils is under borrowed externally and utilising internal borrowing instead.

**Chart 5.1 Liability Benchmark**



5.36 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances. Forward projections will be added in the final version of the Strategy appended to the budget papers.

**Table 5.2(ii)**

Estimated Resources	2024- 2025 Estimate £000	2025- 2026 Estimate £000	2026- 2027 Estimate £000	2027- 2028 Estimate £000	2028- 2029 Estimate £000	2029- 2030 Estimate £000
General Fund Reserve	8,249	8,249	8,249	8,249	8,249	8,249
GF Earmarked Reserves	18,621	14,000	14,000	14,000	14,000	14,000
HRA Reserve	48,643	50,888	46,546	32,721	11,714	5,848
HRA Earmarked Reserve	1,690	1,503	853	203	203	203
Capital Receipts Reserve	74,191	72,725	41,778	32,574	33,941	33,125
Major Repairs Reserve	8,729	0	0	0	0	0
Capital Grants Unapplied	1,534	978	978	978	978	978
<b>Total Core Funds</b>	<b>161,657</b>	<b>148,343</b>	<b>112,404</b>	<b>88,725</b>	<b>69,085</b>	<b>62,403</b>
<b>Working Capital*</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<b>Expected Investment Balances</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>90,000</b>	<b>70,000</b>	<b>60,000</b>

\*Working capital balances shown are estimated year-end; these may be higher or lower during the year depending on the day-to-day demands.

### **Minimum Revenue Provision (MRP) Policy Statement**

- 5.37 The proposed MRP Policy Statement is set out in Appendix A. During 2023/24 the Council engaged Link Asset Services, the Councils Treasury Management advisors to complete a review of its MRP policy. The review considered technical and regulatory guidance, and identified prudent policy changes the Council has adopted to meet its requirement to charge a Minimum Revenue Provision and reduce the financial impact on the medium-term financial plan.
- 5.38 Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Authority has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP). The 2003 Regulations have been further amended with full effect from April 2025 to expressly provide that in determining a prudent provision local authorities cannot exclude any amount of CFR from its calculation, unless by an exception set out in statute.
- 5.39 The Council overpaid £6.982m of MRP in previous years. This amount is being gradually released to the general fund revenue budget on a straight-line basis over 40 years. From the 2025-2026 TM Strategy onwards, there is £5.585m over 32 years still to be released. The amount of voluntary revenue provision (VRP) made by the council to 31st March 2025 is £0.377m. A further £0.034m VRP will be made in 2025-2026.
- 5.40 In accordance with the new regulations and guidance the Councils policy in respect of charging minimum revenue provision (MRP) on loans to third parties has been updated and full details are shown in Appendix A (paragraphs 9-14).

- 5.41 Currently there is no requirement for the Housing Revenue Account to make MRP provisions, although a voluntary revenue provision can be considered. The benefit of such a provision would be to provide a mechanism for the prudential repayment of debt over the life of the business plan. In the absence of a repayment mechanism, the business plan demonstrates that debt could continue to be financed via the resources available without a specific provision being made. The current position is kept under review and will continue to adopt a prudent approach, in line with national guidance and best practice.

## Borrowing

- 5.42 The capital expenditure plans set out in table 5.1 above, provide details of the service activity of the council for both the General Fund and HRA. The treasury management function ensures that the council's cash is organised in accordance with the relevant professional codes, ensuring that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. Further details of how the proposed capital programme is funded, are set out in the Capital and Commercial Strategy in Section 4.

**Table 5.3: The Council's current Treasury investment and external borrowing position**

	31/03/2024		31/12/2024	
	Actuals		Actuals	
	£000	%	£000	%
<b>Investments</b>				
Banks	31,446	35.4	39,686	38.6
Building Societies	0	0.0	0	0.0
Local Authority	51,000	57.5	30,000	29.2
UK Government	0	0.0	0	0.0
Money Market Funds	6,300	7.1	33,000	32.1
<b>TOTAL</b>	<b>88,746</b>	<b>100.0</b>	<b>102,686</b>	<b>100.0</b>
<b>Borrowing</b>				
PWLB	201,648	97.5	199,148	97.5
Banks	5,000	2.4	5,000	2.4
Others	222	0.1	170	0.1
<b>TOTAL</b>	<b>206,870</b>	<b>100.0</b>	<b>204,318</b>	<b>100.0</b>

- 5.43 On the 31<sup>st</sup> of December 2024, the council held £204.3m of external borrowing and £102.7m of treasury investments (including operational working cash balances).
- 5.44 During 2024-2025 the council has no plans to take on any new long-term borrowing.

- 5.45 Investment balances have increased since the start of 2024-2025. This is mainly due to the timing of cash inflows and outflows during the year.

### **Maturity Structure of Borrowing Strategy**

- 5.46 These lower and upper limits are set to reduce the Council's exposure to large, fixed rate sums falling due for refinancing.

**Table 5.4: Maturity structure of borrowing**

<b>Maturity structure of fixed interest rate borrowing</b>	<b>Lower Limit</b>	<b>Upper Limit</b>
Under 12 Months	0%	40%
12 months to 2 years	0%	60%
2 years to 5 years	0%	60%
5 years to 10 years	0%	60%
10 years to 15 years	0%	60%
15 years to 20 years	0%	60%
20 years and above	0%	80%

The table below summarises the council's forward projections for borrowing based on the assumptions given in table 5.1 above.

- 5.47 The Authority's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

**Table 5.5(i): Estimated forward projections for borrowing**

	<b>2024- 2025 Estimate £000</b>	<b>2025- 2026 Estimate £000</b>	<b>2026- 2027 Estimate £000</b>	<b>2027- 2028 Estimate £000</b>	<b>2028- 2029 Estimate £000</b>	<b>2029- 2030 Estimate £000</b>
<b>External Debt</b>						
Debt as at 1 April	207,297	204,444	151,086	193,586	193,586	193,586
Expected change in debt	(2,500)	(53,200)	42,500	0	0	0
Change in Other long-term liabilities	(353)	(158)	0	0	0	0
<b>Actual gross debt as at 31 March</b>	<b>204,444</b>	<b>151,086</b>	<b>193,586</b>	<b>193,586</b>	<b>193,586</b>	<b>193,586</b>
Capital Financing Requirement	307,327	322,381	322,515	322,672	321,850	336,901
<b>Under/(Over) borrowing</b>	<b>102,883</b>	<b>171,295</b>	<b>128,929</b>	<b>129,086</b>	<b>128,264</b>	<b>143,315</b>

N.B. Other long-term liabilities are any liabilities and other credit arrangements that are outstanding for periods in excess of 12 months e.g. finance leases.

- 5.48 Over the six-year period covered by this TM Strategy, the following loan maturities and maturities refinancing are expected to occur. Current PWLB rate forecasts show borrowing rates remaining relatively high (see table 5.8(i)), therefore any maturities refinancing and or new borrowing will be monitored and adjusted if rates start to fall.

**Table 5.5(ii): Estimated forward projections for borrowing (refinancing maturing loans)**

Amount of Each Loan Maturing	Financial Year	New Borrowing	Financial Year
2,500,000	2024-2025	0	2024-2025
2,500,000	2025-2026	0	2025-2026
700,000	2025-2026	0	2025-2026
50,000,000	2025-2026	50,000,000	2026-2027
2,500,000	2026-2027	0	2026-2027
5,000,000	2026-2027	0	2026-2027
50,000,000	2027-2028	50,000,000	2027-2028
2,500,000	2027-2028	2,500,000	2027-2028
2,000,000	2028-2029	0	2028-2029
2,000,000	2029-2030	0	2029-2030
<b>119,700,000</b>		<b>102,500,000</b>	

- 5.49 Within the range of prudential indicators there are several key indicators to ensure that the Authority operates its activities within defined limits. One of these is that the Authority needs to ensure that its gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2025-2026 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.
- 5.50 The Council's S.151 Officer reports that the Authority complied with this prudential indicator in the current year and does not envisage breaches in the future. This view takes account of current commitments, existing plans and the proposals in this budget report.
- 5.51 During 2024-2025 the council will not take any new long-term borrowing. The subsequent high interest rate environment is being closely monitored in the light of further significant tranches of debt falling due from the end of 2025-2026.
- 5.52 The council is currently maintaining an under-borrowed position. This means that the capital borrowing need (CFR) has not been fully funded with external loan debt, as cash supporting the council's reserves, balances and cash flow is used as a temporary measure. This strategy is prudent as external loan interest rates are currently high and set to be at high levels for some time.
- 5.53 The council has been well served by this policy over the last few years. The Section 151 Officer will continue to review and adopt a pragmatic approach to changing circumstances to avoid incurring higher borrowing costs as set out below:

- If it is felt that there is a significant risk of a sharp FALL in long- and short-term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed and a potential rescheduling from fixed rate funding into short term borrowing will be considered.
- If it was felt that there was a significant risk of a much sharper RISE in long- and short-term rates than that currently forecast, perhaps arising from sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

### **Investment Property Review**

- 5.54 The revised Treasury Management and Prudential codes require Councils to review assets held for investment purposes annually against ongoing borrowing requirements and consider disposal of those investments to finance borrowing where the sale of an investment is financially viable.
- 5.55 To inform its Investment Strategy and take into account the CIPFA code requirements, the Council commissioned a review of its investment portfolio in Winter 2024 in conjunction with Jones Lang LaSalle (JLL). This has resulted in a number of asset disposals over the past 12 months and a further round of asset disposals is due to take place in 2025-2026 in line with the new 5-year plan.

### **Treasury Indicators 2024-2025 to 2029-2030**

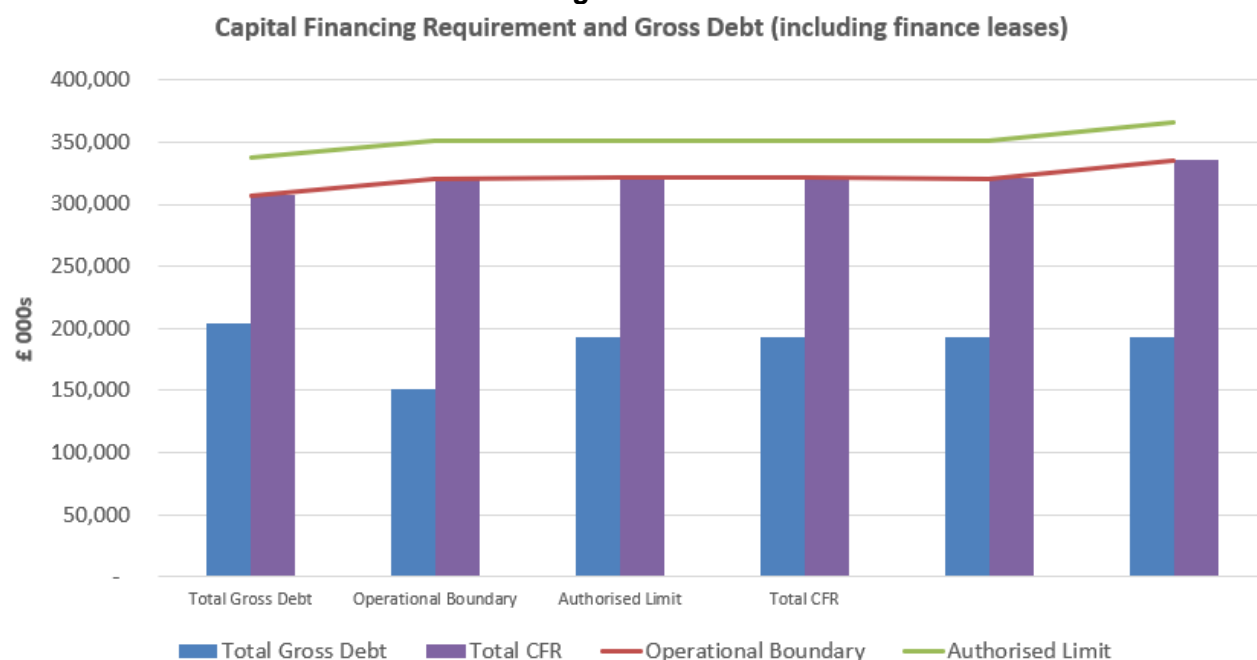
- 5.56 Table 5.6 below sets out the required affordable borrowing limit, namely:
- a. The operational boundary - the limit beyond which external debt is not normally expected to exceed.
  - b. The authorised limit for gross external debt - a statutory limit determined under section 3 (1) of the Local Government Act 2003. It represents the legal limit on the maximum level of borrowing beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It is also the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. The Authority is asked to approve the Authorised Limit shown below.

**Table 5.6: Treasury Indicators 2024-2025 to 2029-2030**

	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000	£000
<b>Gross Debt</b>						
Borrowing	204,444	151,086	193,586	193,586	193,586	193,586
<b>Operational boundary for external debt</b>						
Operational boundary	307,327	322,381	322,515	322,672	321,850	336,901
<b>Authorised limit for external debt</b>						
Authorised limit	337,327	352,381	352,515	352,672	351,850	366,901
<b>Actual external debt</b>						
Borrowing	204,148	150,948	193,448	193,448	193,448	193,448
<b>Debt maturity profile - all borrowing %</b>						
Less than one year	1%	26%	5%	27%	1%	1%
Between one and two years	26%	4%	35%	1%	1%	1%
Between 2 and 5 years	30%	28%	4%	3%	5%	5%
Between 5 and 10 years	7%	7%	9%	6%	4%	4%
Between 10 and 15 years	2%	1%	1%	0%	0%	0%
Between 15 and 20 years	0%	0%	0%	26%	53%	53%
Over 20 years	34%	34%	46%	36%	36%	36%
Upper limit for fixed interest rates	100%	100%	100%	100%	100%	100%
Upper limit for variable interest rates	20%	20%	20%	20%	20%	20%
Upper limit for investments > 365 days	£30m	£30m	£30m	£30m	£30m	£30m
Current treasury investments as at 30/11/2024 in excess of 1 year maturing in each year	-	-	-	-	-	-



**Chart 5.2: Forecast of CFR and borrowing limits**



### Prospects for Interest Rates

5.57 The Council's treasury advisor's assist the Council to formulate a view on interest rates. Link Group have provided the following forecasts as at 11<sup>th</sup> November 2024. These are forecasts for certainty rates, which are gilt (government bond) yields plus 80 bps.

**Table 5.7 Interest Rate Forecasts**

Link Group Interest Rate View		11.11.24												
		Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE		4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings		4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings		4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings		4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB		5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB		5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB		5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB		5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

Source: Link

5.58 Links' central forecast reflects the 30 October Budget, the outcome of the US Presidential election on 6 November, and the 25bps Bank Rate cut undertaken by the Monetary Policy Committee (MPC) on 7 November. As a result, Link have significantly revised their central forecasts for the first time since May. In summary, the Bank Rate forecast is now 50bps – 75bps higher than was previously the case, whilst PWLB forecasts have been materially lifted to not only reflect increased concerns around the future path of inflation, but also the increased level of Government borrowing over the term of the current Parliament.

5.59 An extract of the Link Group commentary on the prospect for interest rate is shown below:

- If we reflect on the 30 October Budget, our central case is that those policy announcements will be inflationary, at least in the near-term. The

Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the CPI measure of inflation hitting 2.5% y/y by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be 2.7% y/y (Q4 2025) and 2.2% (Q4 2026) before dropping back in 2027 to 1.8% y/y.

- The anticipated major investment in the public sector, according to the Bank, is expected to lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.
- There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing & tax rises, and a tepid GDP performance.
- Our central view is that monetary policy is sufficiently tight at present to cater for some further moderate loosening, the extent of which, however, will continue to be data dependent. We forecast the next reduction in Bank Rate to be made in February and for a pattern to evolve whereby rate cuts are made quarterly and in keeping with the release of the Bank's Quarterly Monetary Policy Reports (February, May, August and November).
- Any movement below a 4% Bank Rate will, nonetheless, be very much dependent on inflation data in the second half of 2025. The fact that the November MPC rate cut decision saw a split vote of 8-1 confirms that there are already some concerns around inflation's stickiness, and with recent public sector wage increases beginning to funnel their way into headline average earnings data, the market will be looking very closely at those releases.
- Regarding our PWLB forecast, the short to medium part of the curve is forecast to remain elevated over the course of the next year, and the degree to which rates moderate will be tied to the arguments for further Bank Rate loosening or otherwise. The longer part of the curve will also be impacted by inflation factors, but there is also the additional concern that with other major developed economies such as the US and France looking to run large budget deficits there could be a glut of government debt issuance that investors will only agree to digest if the interest rates paid provide sufficient reward for that scenario.
- So far, we have made little mention of the US Presidential election. Nonetheless, Donald Trump's victory paves the way for the introduction/extension of tariffs that could prove inflationary whilst the

same could be said of further tax cuts and an expansion of the current US budget deficit. Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could impact PWLB rates whilst, as a general comment, geo-political risks abound in Europe, the Middle East and Asia.

5.60 A full economic outlook from the Councils Treasury Advisors (Link) is shown at Appendix C.

## PWLB Rates

5.61 PWLB interest rates on borrowing are expected to remain high before following the base rate movement down over time. Table 5.7 above shows the Link forecast PWLB rates over the coming years. HM Treasury introduced a new HRA rate for PWLB lending on 15 June 2023, solely for the use in the HRA and intended primarily for new housing delivery. The Autumn Budget 2024 confirmed that the availability of this rate has now been extended to March 2026. In producing the forecast Link have taken into account the trends set out below.

- The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of our forecasts, but the risks to our forecasts are to the upsides. Our target borrowing rates are set **two years forward** (as we expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below: -

**Table 5.8(i) Link Target Borrowing Rates**

PWLB debt	Current borrowing rate as at 11.11.24 p.m.	Target borrowing rate now (end of Q3 2026)	Target borrowing rate previous (end of Q3 2026)
5 years	5.02%	4.30%	3.90%
10 years	5.23%	4.50%	4.10%
25 years	5.66%	4.90%	4.40%
50 years	5.42%	4.70%	4.20%

## Borrowing advice

- Our long-term (beyond 10 years) forecast for Bank Rate has been increased to 3.25% (from 3%). As all PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should also be considered. Temporary borrowing rates will, generally, fall in line with Bank Rate cuts.
- Links suggested budgeted earnings rates for investments up to about three months' duration in each financial year are rounded to the nearest 10 basis points. Investment earnings have been revised somewhat higher for all years from 2025-2026 as Bank Rate remains higher for longer. As part of

our modelling for budgeting purposes the Council has adopted a prudent 25 basis points reduction on the average earnings outlined below.

**Table 5.8(ii) Link suggested earnings for investments**

Average earnings in each year	Now	Previously
2024-2025 (residual)	4.60%	4.25%
2025-2026	4.10%	3.35%
2026-2027	3.70%	3.10%
2027-2028	3.50%	3.25%
2028-2029	3.50%	3.25%
Years 6 to 10	3.50%	3.25%
Years 10+	3.50%	3.50%

- We will continue to monitor economic and market developments as they unfold. Typically, we formally review our forecasts following the quarterly release of the Bank of England's Monetary Policy Report but will consider our position on an ad hoc basis as required.
- Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

### **Borrowing Strategy**

- 5.62 The Council is currently maintaining an under-borrowed position. This means that the Capital Financing Requirement, has not been fully funded with loan debt, as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels.
- 5.63 Against this background and the risks within the economic forecast, caution will be adopted with the 2025-2026 treasury operations. The Council's S151 officer and the treasury team will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.
- 5.64 Any borrowing decisions made by the Council's S151 Officer will be reported to the appropriate decision-making body at the next available opportunity.

### **Policy on borrowing in advance of need**

- 5.65 CIPFA's Prudential Code allows borrowing in advance of need when changes in interest rates mean that it benefits the council to borrow before the planned expenditure is incurred. This will be considered carefully, and appropriate advice will be sought from the council's treasury management advisers.
- 5.66 Borrowing in advance of need from a treasury management perspective will be made within the following constraints:

- It will be limited to no more than 75% of the expected increase in borrowing need (CFR) over the three-year planning period; and
- The authority would not look to borrow more than 3 years in advance of need (current and next two financial years).

5.67 The risks associated with any advanced borrowing from a treasury management perspective will be subject to appraisal and will be reported via the mid-year or annual Treasury Management reports.

### **Debt rescheduling**

5.68 Where short-term borrowing rates are cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long-term debt to short-term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

5.69 Any rescheduling will take account of:

- The generation of cash savings and / or discounted cash flow savings;
- Helping to fulfil the treasury strategy;
- Enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

5.70 If rescheduling is to be undertaken, it will be reported to the Treasury Management Committee, Cabinet and Council, at the earliest meeting following its action.

### **UK Municipal Bond Agency (MBA)**

5.71 It is possible that the MBA will be offering loans to local authorities in the future at rates expected to be lower than offered by the PWLB. The Council may make use of this new source of borrowing as and when appropriate.

### **Approved Sources of Long and Short-term Borrowing**

<b>On Balance Sheet</b>	<b>Fixed</b>	<b>Variable</b>
PWLB	●	●
UK Municipal Bond Agency	●	●
Local Authorities	●	●
Banks	●	●
Pension Funds	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock Issues	●	●
Internal (capital receipts & revenue balances)	●	●
Finance Leases	●	●

# Annual Investment Strategy

## Treasury investment policy

- 5.72 The council's treasury management investment policy has regard to MHCLG's Guidance on Local Government Investments ("the Guidance") and CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code") as well as the CIPFA Treasury Management Guidance Notes 2021. The Council's treasury management investment priorities will be Security first, Liquidity second, and then Yield.
- 5.73 All funds invested by the in-house treasury management team as part of the normal treasury management processes are made with reference to the cash flow requirements of the council and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Careful consideration will be given before investing sums identified for longer term investments.
- 5.74 The Council has defined the list of types of investment instruments that the treasury management team are authorised to use below.
- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity, if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.  
  
In accordance with the Code, the Authority has set out additional criteria to limit the time and the amount of monies which will be invested in these bodies (see table 5.9).
  - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. The Non-specified Investments are listed in table 5.9.
- 5.75 The Council has engaged external consultants (Link) to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Authority in the context of the expected level of cash balances and need for liquidity throughout the year.
- 5.76 Full details of lending limits for each counterparty, transaction and duration limits for each type of investment are set out in Table 5.9 below. All investments will be denominated in sterling.
- 5.77 As a result of the change in accounting standards for 2023-2024 under IFRS 9, this Authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five

years ending 31<sup>st</sup> March 2023. More recently, a further extension to the override to 31<sup>st</sup> March 2025 has been agreed by Government.

### **Risk Management and Creditworthiness Policy**

- 5.78 Management of risk is placed in high priority in accordance with the MHCLG (DLUHC) and CIPFA Guidance. In order to minimise the risk to treasury investments, the council applies minimum acceptable credit criteria to generate a list of highly creditworthy counterparties which it maintains. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the long-term ratings. Credit rating information is supplied by Link Group, our treasury advisors, on all active counterparties that comply with the criteria below in table 5.9.
- 5.79 Ratings will not be the sole determinant of the quality of an institution; the financial sector will be continuously monitored on both micro and macro basis and in relation to the economic and political environments in which these institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this, the council will engage with its advisors to watch the market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.
- 5.80 Other information sources used will include the financial press, share price and other such information relating to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties. For local authority or related counterparties, the financial standing and other available information will be considered before placing investments.
- 5.81 Where applicable consideration will be given to the materiality of expected credit losses for treasury investments before they are used.
- 5.82 The counterparty list for treasury investments may be revised from time to time and will submitted to council for approval as necessary.
- 5.83 In its selection process, the council will apply its approved minimum criteria to the lowest available rating for any institution. Credit rating information is supplied by Link Asset Services; the Council’s treasury consultants. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list.
- 5.84 Any rating changes, rating watches (notification of a possible change), rating outlooks (notification of a possible longer-term change) are provided to officers almost immediately after they occur and this information is considered before dealing. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Where a credit rating agency announces that a rating is on review for possible downgrade so that it may fall below the approved minimum rating criteria, then future

investments (other than existing investments) will not be made with that organisation until the outcome of the review is announced.

- 5.85 Building Societies will be subject to an additional criterion where the assets on their balance sheet are taken into account to assess credit worthiness. The counterparty list will therefore permit investment with building societies where their credit ratings are below the minimum for banks/UK building societies, but where the assets on the building societies balance sheet exceed £2.5bn.
- 5.86 The list of types of investment instruments that the treasury management team are authorised to use are categorised as specified and non- specified investments.
- **Specified investments** that the Council will use are high security and high liquidity investments in sterling and with a maturity of no more than a year.
  - **Non-specified investments** are high security, high credit quality, in some cases more complex instruments for periods in excess of one year.
- 5.87 The council will consider the use of new investment instruments after careful consideration by officers and approval by council.
- 5.88 While all investments will be denominated in sterling, investments will only be placed with counterparties from countries with a specified minimum sovereign rating in table 5.10. Lending and transaction limits for each counterparty will be set in the Treasury Management Principles (TMPs) through applying the matrix table 5.9 below.



**Table 5.9: specified and non-specified investment approved instruments and limits**

Counterparty/Financial instrument	Minimum Long-term Credit Criteria or Equivalent	Specified Investments		Non-specified Investments	
		Maximum duration	Counterparty Limit (£m)	Maximum duration	Counterparty Limit (£m)
DMAF - UK Government	n/a	3 months	£30m	n/a	n/a
UK Government gilts	UK Sovereign rating	12 months	£15m	3 years	£5m
UK Government Treasury bills	UK Sovereign rating	6 months	£10m	n/a	n/a
Money Market Funds - CNAV	AAA	Liquid	£10m per fund £50m overall limit	n/a	n/a
Money MARKET Funds - LVNAV	AAA			n/a	n/a
Money Market Funds - VNAV*	AAA			n/a	n/a
UK Local Authority term deposits (LA)**	n/a	12 months	£13m per LA	5 years	£5m per LA
Term Deposits with UK Building Societies	Assets worth at least £2.5bn but do not meet the minimum Bank/Building Society credit Criteria	12 months	£5m	n/a	n/a
Banks/UK Building Societies (Term deposits, CD, Call & Notice accounts)	AAA	12 months	£20m	2 years	£10m
Banks/UK Building Societies (Term deposits, CD, Call & Notice accounts)	AA+	12 months	£17m	12 months	£5m
	AA				
Banks/UK Building Societies (Term deposits, CD, Call & Notice accounts)	AA-	12 months	£10m	n/a	n/a
	A+				
	A				
Banks/UK Building Societies (Term deposits, CD, Call & Notice accounts)	A-	6 months	£5m	n/a	n/a
The Authority's own banker	A-	12 months	£15m (for day to day operational working capital requirements – not for investment purposes)	Non-specified investment if banker fails to meet the minimum credit criteria	balances will be minimised as far as is possible.
Property Funds	Credit loss analysis, financial and legal due diligence	n/a	n/a	n/a	£5m per fund
Loan Capital and other third party loans including parish councils	Subject to financial & legal due diligence	considered on individual basis	n/a	considered on individual basis	n/a

\* Specialist advice will be obtained before the use of VNAV money market funds

\*\* Investments with Local authorities will be reviewed and considered on a case by case basis

5.89 As part of the 2025-2026 TMS officers will increase the overall allocation limit for Money Market Funds (MMF's) to £50M (whilst maintaining the individual MMF maximum limit of £10M per MMF). This will result in the need for at least two further MMF's to be sourced during the year and will add additional investment security and cash liquidity options.

### **Sovereign limits**

5.90 Alongside changes in banking regulations which are focused on improving the banking sectors resilience to financial and economic stress, due care will be

taken to consider the country, group and sector exposure of the Council's investments.

5.91 The Council will only use approved counterparties from the UK and countries with a sovereign credit rating from the three main rating agencies equal to or above AA-. In addition:

- No more than 20% will be placed with any non-UK country at any time and would always be sterling investments
- Sector limits will be monitored regularly for appropriateness.

5.92 Due to the current economic outlook for the UK economy, the UK sovereign rating is currently on the lowest acceptable level suggested for approved countries of AA-. However, if credit rating agencies downgrade the UK below AA- (the minimum Sovereign rating for 2025-2026), the council will immediately seek advice from its treasury adviser and report to council at the earliest possible reporting date.

**Table 5.10: Sovereign rating for 2025-2026**

<b>AAA</b>	Sweden	<b>AA</b>
Australia	Switzerland	France
Denmark		
Germany	<b>AA+</b>	<b>AA-</b>
Luxembourg	Canada	Belgium
Netherlands	Finland	Hong Kong
Norway	USA	U.K.
Singapore		

### **Bank of England iteration UK bank stress tests**

5.93 In addition to the use of credit ratings provided by the three main rating agencies the other factors identified in paragraphs 5.79 and 5.80 will be taken into consideration when selecting UK banks.

### **Money Market Funds (MMFs)**

5.94 Money market funds are pooled investment vehicles consisting of instruments similar to those used by the council. They have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager and analyst team. Fees are deducted from the interest paid to the council.

### **Building societies**

5.95 Although the regulation of building societies is no longer any different to that of banks, the council may use building societies which meet the minimum credit rating for Banks and Building Societies or have a minimum asset size of

£2.5bn but will restrict these types of investments to fixed deposits subject to lower cash limit and shorter time limit.

### **Current account banking**

- 5.96 The council's current accounts are held with Barclays Bank UK Plc (Ring Fenced Bank RFB). In the event of the credit rating of Barclays Bank UK Plc (RFB) falling to a point lower than the council's minimum credit criteria of A-long term rating, the council will treat its bank as "high credit quality" for the purpose of making investments that can be withdrawn on the next working day.

### **UK banks – ring fencing**

- 5.97 The council will continue to assess any newly formed entities against existing criteria and those with sufficiently high ratings will be considered for investment purposes.

### **Investment risk benchmarking**

- 5.98 These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or annual Treasury Management report.

### **Security benchmark**

- 5.99 Counterparty risk will increase as duration of investment increases. The council will continue its policy of investing the majority of its investments with duration of less than 12 months. The council's security risk benchmark for the current portfolio, when compared to the historic default tables is 0.04%. This benchmark is an average risk of default measure and will be monitored retrospectively and action taken to manage the security risk when considering future investments.

### **Liquidity**

- 5.100 The council seeks to maintain the following Liquidity:
- Bank overdraft – zero balance
  - Liquid short-term deposits of at least £1m available with a week's notice.
  - Weighted average life benchmark is expected to be 0.50 years, with a maximum of 1.00 year. However, this benchmark may change if the Council decides to invest longer than 12 months.

### **Yield**

5.101 Local measures of yield benchmarks are:

- Investments – internal returns above the 7-day SONIA (Sterling Overnight Index Average) rate.

### **Ethical investment**

5.102 The council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the council's mission and values.

5.103 This applies to direct treasury investment only. The council's normal money market activity would usually be with financial institutions which may have unknown indirect links with companies which the council will be unable to monitor. However, where known links are publicly available the council will not knowingly invest.

### **Environmental, Social and Corporate Governance Policy**

5.104 The updated Treasury Management Code published in December 2021 included a requirement under TMP1 that 'the organisation's credit and counterparty policies should set out its policy and practices relating to environmental, social and governance (ESG) investment considerations'. The Code acknowledges that this is a developing area, and it is not implied that the organisation's ESG policy will currently include ESG scoring or other real-time ESG criteria at the individual investment level. The council will continue to review and build on the emerging guidance in this area of treasury management as well as seek updates on good practice from its Treasury Management advisors.

5.105 The Council and its Members have a fiduciary duty to act in the best interests of local taxpayers in the management of the council's resources. The law is clear that the Members must primarily act in the best financial interests of local taxpayers. Broadly speaking, Members must take financially material considerations into account (i.e. those which may affect investment returns) but cannot take decisions based purely on non-financial factors. Additionally the S151 Officer has a duty to ensure the effective financial management of the local authority as a whole, meaning that there is a wider responsibility than simply applying a policy set by the Administration or the Full Council, i.e. to ensure that the financial interests of Council Tax Payers are protected effectively, such as balancing the budget but also then in determining the best way to balance the financial viability of investments with the political priorities of the Administration and/or the Full Council.

5.106 The Council recognises that environment, social and governance (ESG) factors can influence investment performance and the ability to achieve sustainable returns. The Councils Treasury Management (TM) Committee therefore considers the following two key areas of responsible investment:

- Corporate Governance – acting as responsible and active investors.

- Sustainable investment – considering the financial impact of environmental, social and governance (ESG) factors on its investments.
- 5.107 The TM Committee takes ESG matters very seriously and will regularly conduct reviews of its policies in this area with advice from its Treasury Advisors. The TM Committee has developed the following responsible investment beliefs.
- The TM Committee has an overriding duty to manage its investments in accordance with the Committees Terms of reference and the council's legal obligation under the Local Government Act 2003;
  - The Committee will adopt the relevant codes of practice and guidance issued by CIPFA (Chartered Institute of Public Finance & Accountancy) and the DLUHC (Department for Levelling Up, Housing and Communities) including CIPFA's Treasury Management Code of practice and the Prudential Code.
  - The TM Committee consider proactive management of our ESG approach and will therefore encourage the Council's TM Advisers to actively engage with officers and the financial markets to identify suitable counterparty's and investments.
- 5.108 As part of their Environmental, Social and Governance (ESG) considerations, our TM Advisors should review the market for approaches to environmental factors such as fossil fuels and climate change along with Social factors such as employee rights and Governance factors such as compliance with standard industry practice and Legislation.
- 5.109 The TM Committee expects its advisors to demonstrate a positive review of the market in response to:
- Matters of social responsibility.
  - Environmental policy on how their impact can be minimised.
  - Monitor risks and opportunities associated with climate change and fossil fuels.
  - Anticipate future legislative requirements.
- 5.110 As part of the Council's Counterparty list, the Council has access to a Sustainable triple A rated Money Market Fund. This allows the Council to place up to £10M of its surplus cash in an ESG focused fund which is low risk provides next day liquidity and market rate return.
- 5.111 Where the Council opens further Money Market Funds these will be European Union Sustainable Finance Disclosure Regulation (EUSFDR) Article 8 compliant (or equivalent), AAA rated Money Market Funds (MMF's).
- 5.112 The Council will continue to work with its Treasury advisors to identify suitable ESG or Ethical investment options in accordance with the credit rating criteria set out in table 5.9.

### **Policy on charging interest to the Housing Revenue Account (HRA)**

- 5.113 Following the reform of housing finance, the council can adopt its own policy on sharing interest costs and income between the General Fund (GF) and the Housing Revenue Account (HRA).
- 5.114 The CIPFA Code recommends that authorities state their policy on this matter each year in their treasury management strategy. The charge is required to be fair to the general fund and to the HRA. This council's policy is to charge the HRA with actual interest on external debt plus an element for any under-borrowing and pay interest income on surplus cash at the Council's pooled borrowing/investment rates.

### **Policy on use of financial derivatives**

- 5.115 The council will not use standalone derivatives except where they can be clearly demonstrated to reduce the overall level of financial risk that the council is exposed to.

### **List of Appendices**

Appendix A: Minimum Revenue Provision (MRP) policy statement  
Appendix B: Key Financial, Prudential and treasury indicators  
Appendix C: Economic background  
Appendix D: Treasury management scheme of delegation  
Appendix E: The treasury management role of the section 151 officer

## **APPENDIX A**

### **Minimum Revenue Provision (MRP) policy statement**

For capital expenditure incurred:

1. In 2023/24, the Authority's MRP policy was subject to a comprehensive review of MRP charges and methodology by the Council's Treasury Advisors. This policy reflects the new MRP calculation methods that have been implemented.
2. For supported capital expenditure incurred before 1st April 2008, the Authority will apply the Asset Life Method using an annuity calculation and will take account of the regulatory calculated Adjustment A, which was a means of maintaining broad neutrality between the old and new MRP systems that took effect prior to April 2008.
3. Unsupported borrowing will be subject to MRP under option 3 of the guidance (Asset Life Method). MRP will be based on the estimated life of the assets in accordance with the statutory guidance using the annuity method, calculated on a weighted average basis.
4. MRP in respect of unsupported borrowing taken to meet expenditure, which is treated as capital expenditure by virtue of either a capitalisation direction or regulations, will be determined in accordance with the asset lives as recommended by the statutory guidance.
5. The interest rate applied to the annuity calculations will reflect the market conditions at the time and will, for the current financial year, be based on PWLB annuity rates.
6. Where applicable, repayments included in annual PFI or finance leases are applied as MRP.
7. MRP Overpayments - The MRP Guidance allows that any charges made in excess of the statutory minimum revenue provision (MRP), i.e. voluntary revenue provision (VRP) or overpayments, can be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. The Council overpaid £6.982m of MRP in previous years. This amount is being gradually released to the general fund revenue budget on a straight-line basis over 40 years. From the 2025-2026 TM Strategy onwards, there is £5.585m over 32 years still to be released. The amount of VRP made by the council to 31st March 2025 is £0.377m. A further £0.034m VRP will be made in 2025-2026.
8. MRP will commence in the year following the year in which capital expenditure financed from borrowing is incurred, except for asset under construction where the MRP will be deferred until the year after the asset becomes operational.

9. For capital loans which are classed as non-commercial and have not been subject to a recognised credit loss in the current or any previous financial year the Council has chosen not to provide MRP.
10. For capital loans which are classed as commercial and have not been subject to a recognised credit loss in the current or any previous financial year then the Council will provide MRP over the useful life of the assets purchased by the third party.
11. Capital receipts received from the non-commercial and commercial loan repayments in the financial year will be used to reduce the debt liability i.e. the capital receipts will be used in lieu of MRP to reduce the CFR.
12. For capital loans to third parties granted before 7 May 2024 - Where those loans have been subject to an actual or expected credit loss in the current or any previous financial year then MRP will be provided in each financial year over the useful life of the assets purchased by the third party.
13. For capital loans to third parties granted on or after 7 May 2024 - Where those loans are subject to an expected or actual credit loss, then the MRP charge will be at least the amount of the recognised credit loss for the financial year, after adjusting for any previous MRP or capital receipts applied to the loan.
14. For supported capital expenditure incurred before 1st April 2008, the Authority will apply the Asset Life Method using an annuity calculation and will take account of the regulatory calculated Adjustment A, which was a means of maintaining broad neutrality between the old and new MRP systems that took effect prior to April 2008. This methodology writes down the debt liability over a much shorter period than the regulatory method and is therefore deemed prudent.



## Appendix B

### 1. Key Financial, Capital Prudential and Treasury Indicators 2024-2025 – 2029-2030

#### Background

- 1.1 Local government finance is subject to a high level of regulation. There are various codes of practice which the council, under legislation, has a duty to have regard to when taking its budget decisions.
- 1.2 This section of the report provides information to show the affordability, proportionality, and value of potential risk exposure with regard to the council's proposals for borrowing, lending to third parties, investment in equity shares in third parties, as well as its commercial income streams.
- 1.3 MHCLG has suggested various financial indices that could be used to fulfil this requirement and recommends that councils should "where appropriate" consider setting self-assessed limits or targets for these indices.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/678866/Guidance\\_on\\_local\\_government\\_investments.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/678866/Guidance_on_local_government_investments.pdf)

- 1.4 For the majority of indicators, the council has not elected to set self-assessed limits. This will be kept under review as better benchmarking data becomes available from other authorities. The annual limit regarding borrowing along with a number of other prudential and Treasury Management indicators are set in the above Treasury Management Strategy.
- 1.5 The indices chosen as being the most appropriate for the council's circumstances at present take as their starting point figures from the 2023/24 draft statement of accounts and project these forward for this financial year and the five following years.
- 1.6 The MHCLG do not specify any indices for the HRA – they are given in the tables that follow where appropriate to do so using locally derived indicators.

#### Key Financial Indicators Balance Sheet position - strong

- 1.7 The balance sheet provides a "snapshot" of the council's financial position at a specific point in time showing what it owns and owes. The council currently has a strong balance sheet position. The balance sheet in the draft 2023/24 statement of accounts shows total long-term assets valued at just under £1.2bn, most of which are land and property assets including the council's HRA housing. The Council's usable Reserves totals £163M.
- 1.8 As at 31 March 2024, the council had external borrowing of £208m (£204m long-term, £4m short-term) which is 17% of the value of the council's assets. In addition, the council had borrowed £92m internally from its own cash holdings to temporarily fund capital expenditure and investments. The total long-term

indebtedness of the council at the end of last financial year was therefore £300m (this figure is known as the capital financing requirement (CFR)).

- 1.9 Long term investments (equity shares) as at the 31 March 2024 include a £3.4m shareholding in Lion Homes (Norwich) Ltd (LHL) and £0.370m shareholding in Norwich City Services Ltd (NCSL).
- 1.10 In the 2023/24 long term debtors, the amounts lent to third parties on commercial terms comprise a £6.150m loan to LHL, Two capital loans to NCSL totalling £1.220M, two £0.500m working capital loans to NCSL and a £0.104m loan to Norwich Preservation Trust. The council also makes “soft” loans (on non-commercial terms) to others, for example home improvement loans to residents. Only the lending undertaken on commercial terms needs to be considered as part of the requirements arising from the revised Investment Code.

### **Forecast Balance Sheet position**

- 1.11 The council's budget proposals contained within this budget report will result in a growing balance sheet both in terms of the long-term assets that will be held by the council (in particular social housing and long-term debtors) as well as its long-term liabilities (its capital financing requirement or underlying need to borrow).

### **Core Funds and Expected Investment Balances**

- 1.12 The application of resources (reserves, capital receipts etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). A table detailing estimated year-end balances for each resource and anticipated day-to-day cash flow balances are included in the main Treasury Management Strategy document.

## **2. Capital Prudential and Treasury Indicators**

- 2.1 Capital Expenditure - The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans. The Capital expenditure plans are shown in the Treasury Management Strategy document.
- 2.2 Affordability Prudential Indicators - The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Authority's overall finances.
- 2.3 The Council's Capital expenditure plans should be considered alongside the cost of past borrowing, maintenance requirements and planned disposals. The authority's Minimum Revenue Provision (MRP) policy will also have a critical impact on the overall affordability of new borrowing. This indicator identifies the trend in the Capital Financing costs are shown as a % net revenue stream

(taxation and non-specific grant income excluding capital grants, contributions and donated assets).

	2023/24 Actual	2024- 2025 Estimate	2025- 2026 Estimate	2026- 2027 Estimate	2027- 2028 Estimate	2028- 2029 Estimate	2029- 2030 Estimate
	£000	£000	£000	£000	£000	£000	£000
<b>Capital Financing costs as a% of Net Revenue Stream</b>							
Non-HRA	4%	2%	3%	3%	3%	3%	3%
HRA	8%	8%	8%	9%	9%	9%	9%

- 2.4 This indicator shows the HRA debt per dwelling and shows a consistent estimated debt of £15K per dwelling, with a small increase in the forecast cost per dwelling to reflect additional borrowing requirements flagged in the HRA capital programme for 2029-2030.

	2023/24 Actual	2024-2025 Estimate	2025-2026 Estimate	2026-2027 Estimate	2027-2028 Estimate	2028-2029 Estimate	2029-2030 Estimate
	£000	£000	£000	£000	£000	£000	£000
<b>HRA Debt per Dwelling</b>							
HRA debt £m (CFR)	208,532	208,532	208,532	208,532	208,532	208,532	224,421
Number of HRA dwellings	14,257	14,211	14,131	14,003	14,001	14,000	13,994
Debt per dwelling £	14,627	14,674	14,757	14,892	14,894	14,895	16,037

### **Maturity Structure of Borrowing**

- 2.5 Maturity structure of borrowing. These gross limits are set to reduce the Authority's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits. The maturity structure of borrowing are shown in Treasury Management Strategy.

### **Control of Interest Rate Exposure**

- 2.6 The measures to manage the Control of interest rate exposure (including Interest rate forecasts, Prospect for Interest Rates, Borrowing Strategy and Annual Investment Strategy) are shown in the main Treasury Management Strategy.

## **3. The Council's non-financial (commercial) investments to net Revenue Stream**

- 3.1 This ratio shows the general fund's dependence on commercial income to deliver core general fund services. The ratio is shown as a % against net revenue stream (taxation and non-specific grant income excluding capital grants, contributions and donated assets).

### ***Net commercial income to Net Revenue Stream***

	2023/24	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000	£000	£000
Commercial Property Income	(6,703)	(6,041)	(6,275)	(6,275)	(6,275)	(6,275)	(6,275)
Commercial Property Expenditure	4,337	2,444	2,699	2,710	2,718	2,726	2,734
MRP	829	850	871	894	916	939	963
Airport Industrial Net Income	(44)	0	0	0	0	0	0
<b>Net Commercial Property Income</b>	<b>(1,581)</b>	<b>(2,747)</b>	<b>(2,705)</b>	<b>(2,671)</b>	<b>(2,641)</b>	<b>(2,610)</b>	<b>(2,578)</b>
Lending interest income	(372)	(376)	(376)	(376)	(376)	(376)	(376)
Assumed lending cost	169	119	129	129	129	129	129
<b>Net 3rd Party Lending Income</b>	<b>(203)</b>	<b>(257)</b>	<b>(247)</b>	<b>(247)</b>	<b>(247)</b>	<b>(247)</b>	<b>(247)</b>
<b>Net Commercial Income</b>	<b>(1,784)</b>	<b>(3,004)</b>	<b>(2,952)</b>	<b>(2,918)</b>	<b>(2,888)</b>	<b>(2,857)</b>	<b>(2,825)</b>
<b>Net Revenue Stream</b>	<b>(20,992)</b>	<b>(22,485)</b>	<b>(26,414)</b>	<b>(27,084)</b>	<b>(27,779)</b>	<b>(28,324)</b>	<b>(28,324)</b>
<b>Net Commercial Income as a % of Net Revenue Stream</b>	<b>8%</b>	<b>13%</b>	<b>11%</b>	<b>11%</b>	<b>11%</b>	<b>10%</b>	<b>10%</b>

3.2 For 2024-2025 onwards the net and gross income from Commercial property are based on the proposed budget assumptions. Income from the council's car parks is not included in this analysis as the primary reason for owning and managing them is not solely for-profit making purposes.

## Appendix C

### ECONOMIC BACKGROUND

- The third quarter of 2024 (July to September) saw:
  - GDP growth stagnating in July following downwardly revised Q2 figures (0.5% q/q);
  - A further easing in wage growth as the headline 3myy rate (including bonuses) fell from 4.6% in June to 4.0% in July;
  - CPI inflation hitting its target in June before edging above it to 2.2% in July and August;
  - Core CPI inflation increasing from 3.3% in July to 3.6% in August;
  - The Bank of England initiating its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady in its September meeting;
  - 10-year gilt yields falling to 4.0% in September.
- The economy's stagnation in June and July points more to a mild slowdown in GDP growth than a sudden drop back into a recession. Moreover, the drop in September's composite activity Purchasing Managers Index, from 53.8 in August to 52.9, was still consistent with GDP growth of 0.3%-0.4% for the summer months. This is in line with the Bank of England's view, and it was encouraging that an improvement in manufacturing output growth could be detected, whilst the services PMI balance suggests non-retail services output grew by 0.5% q/q in Q3. Additionally, the services PMI future activity balance showed an uptick in September, although readings after the Chancellor's announcements at the Budget on 30th October will be more meaningful.
- The 1.0% m/m jump in retail sales in August was stronger than the consensus forecast for a 0.4% m/m increase. The rise was reasonably broad based, with six of the seven main sub sectors recording monthly increases, though the biggest gains came from clothing stores and supermarkets, which the ONS reported was driven by the warmer-than-usual weather and end of season sales. As a result, some of that strength is probably temporary.
- The Government's plans to raise public spending by around £16bn a year (0.6% GDP) could weaken GDP growth in the medium-term. However, if taxes are raised in line with spending (i.e., by £16bn) that would mean the overall stance of fiscal policy would be similar to the previous government's plan to reduce the budget deficit. Additionally, rises in public spending tend to boost GDP by more than increases in taxes reduce it. Our colleagues at Capital Economics suggest GDP growth will hit 1.2% in 2024 before reaching 1.5% for both 2025 and 2026.

- The further easing in wage growth will be welcomed by the Bank of England as a sign that labour market conditions are continuing to cool. The 3myy growth rate of average earnings fell from 4.6% in June to 4.0% in July. On a three-month annualised basis, average earnings growth eased from 3.0% to 1.8%, its lowest rate since December 2023. Excluding bonuses, the 3myy rate fell from 5.4% to 5.1%.
- Other labour market indicators also point to a further loosening in the labour market. The 59,000 fall in the alternative PAYE measure of the number of employees in August marked the fourth fall in the past five months. And the 77,000 decline in the three months to August was the biggest drop since November 2020. Moreover, the number of workforce jobs fell by 28,000 in Q2. The downward trend in job vacancies continued too. The number of job vacancies fell from 872,000 in the three months to July to 857,000 in the three months to August. That leaves it 34% below its peak in May 2022, and just 5% above its pre-pandemic level. Nonetheless, the Bank of England is still more concerned about the inflationary influence of the labour market rather than the risk of a major slowdown in labour market activity.
- CPI inflation stayed at 2.2% in August, but services inflation rose from a two-year low of 5.2% in July to 5.6%, significantly above its long-run average of 3.5%. Food and fuel price inflation exerted some downward pressure on CPI inflation, but these were offset by the upward effects from rising furniture/household equipment inflation, recreation/culture inflation and a surprisingly large rise in airfares inflation from -10.4% in July to +11.9% in August. As a result, core inflation crept back up from 3.3% to 3.6%. CPI inflation is also expected to rise in the coming months, potentially reaching 2.9% in November, before declining to around 2.0% by mid-2025.
- The Bank initiated its loosening cycle in August with a 25bps rate cut, lowering rates from 5.25% to 5.0%. In its September meeting, the Bank, resembling the ECB more than the Fed, opted to hold rates steady at 5.0%, signalling a preference for a more gradual approach to rate cuts. Notably, one Monetary Policy Committee (MPC) member (Swati Dhingra) voted for a consecutive 25bps cut, while four members swung back to voting to leave rates unchanged. That meant the slim 5-4 vote in favour of a cut in August shifted to a solid 8-1 vote in favour of no change.
- Looking ahead, CPI inflation will likely rise in the coming months before it falls back to its target of 2.0% in mid-2025. The increasing uncertainties of the Middle East may also exert an upward pressure on inflation, with oil prices rising in the aftermath of Iran's missile attack on Israel on 1 October. China's recent outpouring of new fiscal support measures in the latter stages of September has also added to the upshift in broader commodity prices, which, in turn, may impact on global inflation levels and thus monetary policy decisions. Despite these recent developments, our central forecast is still for rates to fall to 4.5% by the end of 2024 with further cuts likely throughout 2025. This is in line with market expectations, however, although a November rate cut still looks likely, December may be more problematic for the Bank if CPI inflation spikes towards 3%. In the second half of 2025, though, we think a more marked easing in inflation will prompt

the Bank to speed up, resulting in rates eventually reaching 3.0%, rather than the 3.25-3.50% currently priced in by financial markets.

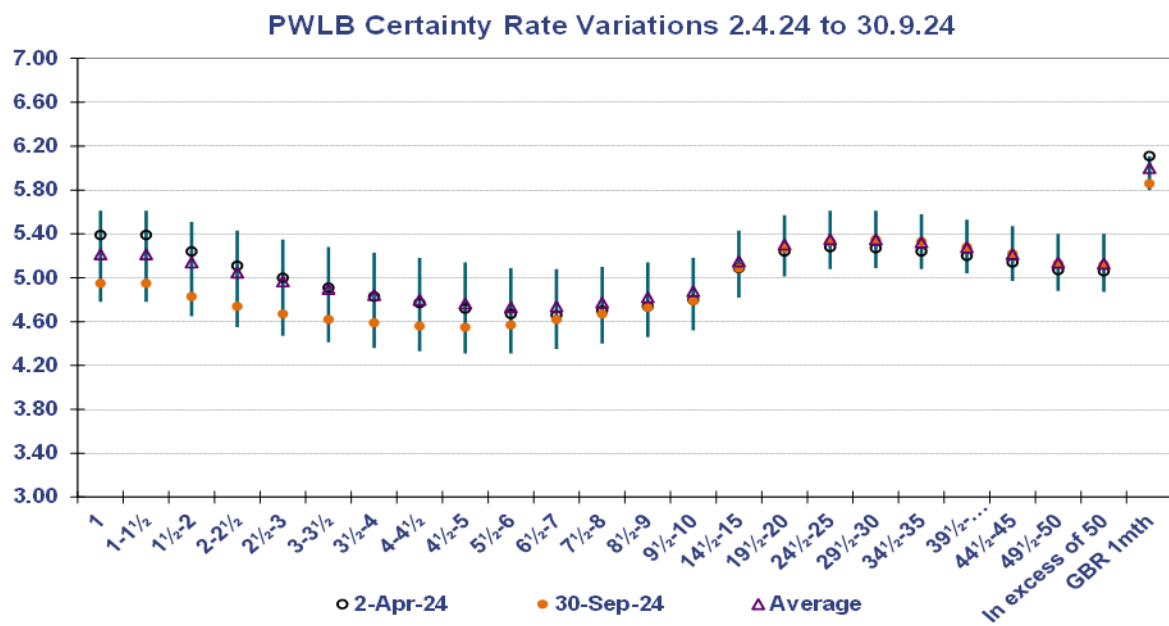
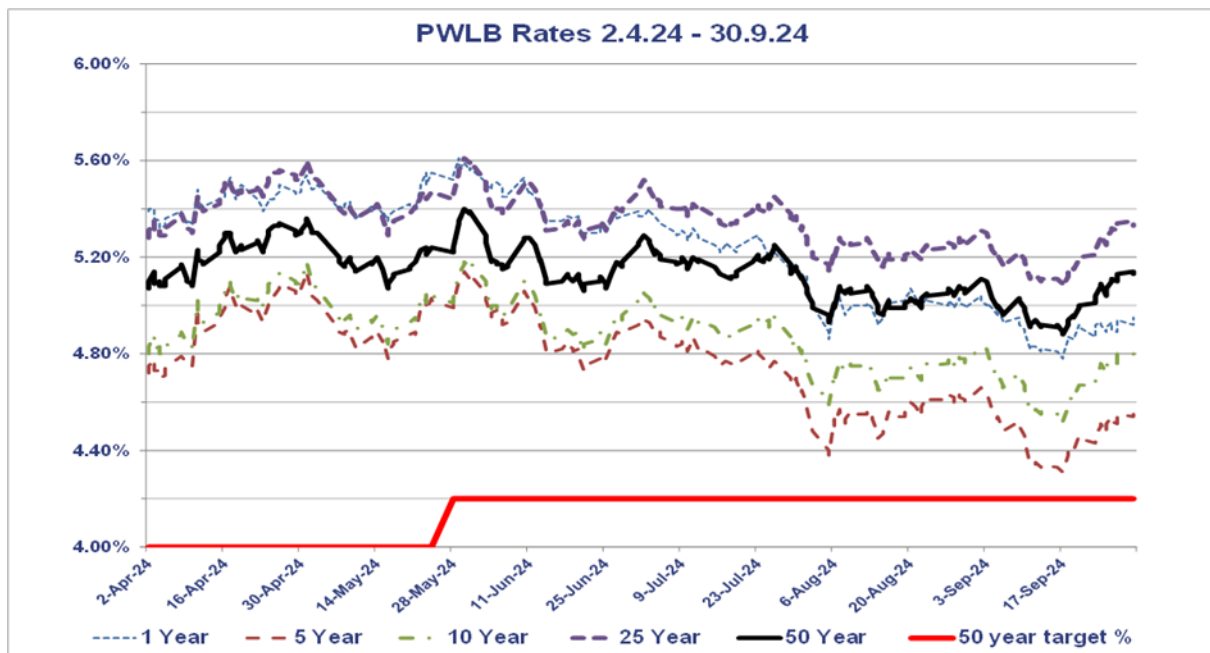
- Our forecast is next due to be updated around mid-November following the 30 October Budget, 5 November US presidential election and the 7 November MPC meeting and the release of the Bank of England Quarterly Monetary Policy Report.
- Looking at gilt movements in the first half of 2024-2025, and you will note the 10-year gilt yield declined from 4.32% in May to 4.02% in August as the Bank's August rate cut signalled the start of its loosening cycle. Following the decision to hold the Bank Rate at 5.0% in September, the market response was muted, with the 10-year yield rising by only 5bps after the announcement. This likely reflected the fact that money markets had priced in a 25% chance of a rate cut prior to the meeting. The yield had already increased by about 10bps in the days leading up to the meeting, driven in part by the Fed's "hawkish cut" on 18 September. There is a possibility that gilt yields will rise near-term as UK policymakers remain cautious due to persistent inflation concerns, before declining in the longer term as rates fall to 3.0%.
- The FTSE 100 reached a peak of 8,380 in the third quarter of 2024, but its performance is firmly in the shade of the US S&P500, which has breached the 5,700 threshold on several occasions recently. Its progress, however, may pause for the time being whilst investors wait to see who is elected the next US President, and how events in the Middle East (and Ukraine) unfold. The catalyst for any further rally (or not) is likely to be the degree of investors' faith in AI.

#### **MPC meetings: 9 May, 20 June, 1 August, 19 September 2024**

- On 9 May, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 to keep Bank Rate at 5.25%. This outcome was repeated on 20<sup>th</sup> June.
- However, by the time of the August meeting, there was a 5-4 vote in place for rates to be cut by 25bps to 5%. However, subsequent speeches from MPC members have supported Governor Bailey's tone with its emphasis on "gradual" reductions over time.
- Markets thought there may be an outside chance of a further Bank Rate reduction in September, following the 50bps cut by the FOMC, but this came to nothing.
- November saw a rate cut to 4.75% but, thereafter, inflation and employment data releases, as well as geo-political events, are likely to be the determinant for what happens in the remainder of 2024-2025 and into 2025-2026.

In the chart below, despite a considerable gilt market rally in mid-September, rates started and finished the six-month period under review in broadly the same position.

## PWLB RATES 02.04.24 - 30.09.24





**HIGH/LOW/AVERAGE PWLB RATES FOR 02.04.24 – 30.09.24**

	1 Year	5 Year	10 Year	25 Year	50 Year
02/04/2024	5.39%	4.72%	4.80%	5.28%	5.07%
30/09/2024	4.95%	4.55%	4.79%	5.33%	5.13%
Low	4.78%	4.31%	4.52%	5.08%	4.88%
Low date	17/09/2024	17/09/2024	17/09/2024	17/09/2024	17/09/2024
High	5.61%	5.14%	5.18%	5.61%	5.40%
High date	29/05/2024	01/05/2024	01/05/2024	01/05/2024	01/05/2024
Average	5.21%	4.76%	4.88%	5.35%	5.14%
Spread	0.83%	0.83%	0.66%	0.53%	0.52%

## **Appendix D**

### **TREASURY MANAGEMENT SCHEME OF DELEGATION**

#### **(i) Cabinet and Full council – Responsible Body**

- receiving and reviewing reports on treasury management policies, practices and activities.
- approval of annual strategy.
- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices.
- budget consideration and approval.
- approval of the division of responsibilities.
- receiving and reviewing regular monitoring reports and acting on recommendations.
- approving the selection of external service providers and agreeing terms of appointment.

#### **(ii) Treasury Management Committee - Body with responsibility for scrutiny**

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

## Appendix E

### **THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER** **The S151 (responsible) officer**

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

The above list of specific responsibilities of the S151 officer in the 2021 Treasury Management Code has not changed. However, implicit in the changes in both Codes, is a major extension of the functions of this role, especially in respect of non-financial investments, (which CIPFA has defined as being part of treasury management).

- preparation of a Capital Strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe (ensuring that the Capital Strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money)
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the Authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the Authority does not undertake a level of investing which exposes the Authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by the Authority
- ensuring that the Authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following (TM Code p54): -
  - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;

- Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;
- Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
- Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;
- Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

## 6. CHIEF FINANCE OFFICER'S STATEMENT

Item 5

### Statutory requirements

- 6.1 Section 25 of the Local Government Act 2003 places specific responsibilities on the Chief Finance Officer to report on the robustness of the budget and the adequacy of proposed financial reserves when the council is considering its budget requirement. The council is required to have regard to this statement when it sets the budget. This includes reporting and considering:
- The key assumptions in the proposed budget and to give a view on the robustness of those assumptions.
  - The key risk areas in the budget and to assess the adequacy of the Council's reserves when reviewing the potential financial impact of these risk areas on the finances of the Council. This should be accompanied by a Reserves Strategy.
- 6.2 CIPFA published a new Financial Management (FM) Code in October 2019. One of the 17 standards included in the new Code is 'the budget report includes a statement by the chief financial officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.' The statement is updated considering the prevailing circumstances and assessment of relevant risks each financial year.
- 6.3 This document concentrates on the General Fund budget, the Housing Revenue Account and Capital Investment Programme, but in addition it also considers key medium-term issues faced by the Council.

### Assurance Statement of the Council's Section 151 Officer

- 6.4 The following are the summary assurances and recommendations of the Council's Section 151 Officer. They must be read in conjunction with the supporting statements in this Section, which together make up the Section 151 Officer's statutory duty to report under Section 25 of the Local Government Act 2003.
- 6.5 In relation to the 2025 - 2026 General Fund Revenue budget, I have examined the budget proposals and I believe that, whilst the spending and service delivery proposals are challenging, they are nevertheless achievable given the political and management desire to implement the changes. Good management and the sound monitoring of performance and budgets, including the tracking of savings achieved, will be essential.
- 6.6 I am satisfied that sufficient management processes exist within the Council to deliver this budget, indeed the budget includes proposals for the development of the Finance function in support of the S151 responsibilities which "...requires local authorities to make arrangements for the proper administration of their financial affairs..." following a comprehensive review of the capacity, skills and knowledge base required to comply with this statutory duty. In addition the successful implementation of the Payroll system in 2024, as part of the broader implementation of the Unit4 Enterprise Resource Planning (ERP) system, provides a comprehensive management information tool to support and enhance financial management practice, insight and planning.

- 6.7 My recommendations are also conditional upon:
- a) The Council approving the updated Medium Term Financial Strategy for 2025 - 2026 to 2029 - 2030.
  - b) A recognition in the medium-term planning approach that the level of reserves and corporate risk assessment need to be regularly reviewed in the light of changing circumstances and that it may not be possible to match the two at any single point in time. The Council needs to show a commitment to maintain reserves at a level which provides adequate cover for most identified risks during the planning period. This approach is pragmatic and shows a clear commitment to prudent contingency planning.
  - c) It must be noted, however, that the recommended levels of reserves could still leave the Council exposed to the very exceptional risks identified in this review and, if all those risks crystallised at the same time, then the total level of reserves could be inadequate.
  - d) Cabinet Members, Chief Executive, Executive Directors, and managers not exceeding their cash limits.
  - e) Not considering further calls on reserves other than for those risks that have been identified, those that could not have been reasonably foreseen and that cannot be dealt with through management or policy actions. It is not prudent to finance ongoing spending from one-off reserves. Any excess reserves should be targeted towards business transformation (including redundancies and invest to save initiatives), Local Government funding changes and the impacts of significant changes in national policy.
  - f) That the Council has arrangements and resources in place to consider and assess value for money across the delivery of all its services and operations in preparation for future years' budgets.
- 6.8 In relation to the adequacy of reserves, I recommend the following Reserves Strategy based on an approach to evidence the requisite level of reserves by internal financial risk assessment. The Reserves Strategy will need to be reviewed annually and adjusted in the light of the prevailing circumstances.
- g) An absolute minimum level of unallocated General Fund reserves of £5.5 million is maintained throughout the period between 2025 - 2026 to 2029 - 2030.
  - h) An optimal level of unallocated General Fund reserves of £10.2 million over the period 2025 - 2026 to 2029 - 2030 to cover the absolute minimum level of reserves, in-year risks, cash flow needs and unforeseen circumstances.
  - i) A maximum recommended level of unallocated General Fund reserves of £12.2 million for the period 2025 - 2026 to 2029 - 2030 to provide additional resilience to implement the Medium-Term Financial Strategy.
  - j) A Reserves Strategy to remain within the recommended level of reserves over the relevant period of 2025 - 2026 to 2029 - 2030.
- 6.9 The estimated level of unallocated General Fund reserves at 31 March 2024, based on current projections is £8.249 million depending on the final outturn position. Therefore:

- k) The absolute minimum level of reserves of £5.5 million is currently being achieved. b) The optimal level of reserves of £10 million criteria is not being achieved for 2025 - 2026. It should be noted however that there are a number of potential significant changes that are anticipated to support growth over the medium-term that require investment initially in order to secure the growth, such as some of the anticipated major capital projects. The potential benefits include potential improved income streams which could be utilised to strengthen reserves further in the medium-term.
- l) The maximum level of reserves of £12 million is not being exceeded.
- m) Reserves should remain within the recommended range of reserves during 2024/25. This is subject to the cash limited budget for 2024/25 being met.

6.10 These recommendations are made based on:

- n) The risks identified by the Chief Executive and Executive Directors reviews of their budgets including the budget risks set out in section 2 of this report.
- o) My own enquiries during the development of the current budget proposals.
- p) The resilience and sustainability required to deliver the Medium-Term Financial Strategy.
- q) One-off unallocated reserves not being used to fund new on-going commitments.
- r) That the reserves are used only if risks materialise and cannot be contained by management or policy actions.
- s) That where reserve es are drawn down, the level of reserves is maintained in line with the latest Medium Term Financial Strategy.

6.11 There are also serious exceptional risks which, if they crystallise, could significantly impact the Council's reserves, and leave its financial standing in question. These include:

- t) The impact of inflationary pressures both directly on the council's expenditures but also secondary impacts on retained business rate levels, levels of bad debt and increases in service demands. It should be noted that whilst overall local government funding has increased there is a concern nationally that funding is not keeping up with specific inflationary factors affecting the sector.
- u) The risk surrounding the non-delivery of savings and exceeding investment proposals within the budget package for 2024/25.
- v) The financial uncertainty for the public sector arising from the prevailing and continuing national and local conditions.
- w) The risk of further significant reductions in income and Government grant funding, particularly in relation to:
  - Decline in the Council Tax base and Business Rates base.
  - Business Rates appeals from the previous revaluation exercises.
  - Further changes to the way in which Local Government is financed especially after the 2026 - 2027 settlement.

- Future Government changes in policy and funding for Local Government, particularly the impact and timing of the implementation of the Government's devolution policy.
  - The need to address the Country's ongoing Public Sector Borrowing Requirement (PSBR) and the structural financial deficit.
- x) Insurance Claims.
- 6.12 In relation to the Housing Revenue Account (HRA) in 2025 - 2026 and the medium to long term:
- y) Given the status of housing management provision the recommendation is that the HRA general reserve be maintained at the target figure of £5.8m.
  - z) Forward projections for the HRA have been undertaken with a revised 30-year business plan established in 2022, which is reviewed and updated annually. This is linked to the HRA's own Medium Term Financial Strategy for the period 2025 - 2026 to 2029 - 2030. The current position demonstrates that it is possible to:
    - Maintain a balanced HRA throughout that period.
    - Meet current level of capital investment, and
    - Repayment of required debt.
- 6.13 In relation to the General Fund and HRA Capital Investment Programme 2025 - 2026 to 2029 - 2030 (including commitments from previous years and new starts):
- aa) The HRA Capital Programme will need to be contained within the total programme cost.
  - bb) The General Fund Capital Budget is substantial and is based on the best information available in terms of project costs. What is less certain, based on historic performance, is the actual phasing of expenditure.
  - cc) The key strategic schemes identified in the capital investment programme will be closely monitored in-year.
  - dd) That the financing identified for the approved capital investment programme is delivered and is proportionate, prudent, affordable, and sustainable.
- 6.14 In relation to the medium to long term capital investment programme:
- ee) The delivery of the agreed Capital Strategy and Asset Management Plan is a critical priority to enable the matching of resources to needs and priorities.

- 6.15 Given all these factors, I, as the Council's Section 151 Officer, consider the estimates for 2025 - 2026 to be sufficiently robust and recommend for approval by the Council. I am also able to advise the Council that the level of General Fund Reserves is adequate and to recommend a Reserves Strategy which is achievable for 2025 - 2026 to 2029 - 2030.

### **Supporting Statements**

- 6.16 Budget estimates are exactly that – estimates of spending and income made at a point in time and which will change as circumstances change. This statement about the robustness of estimates cannot give a 100% guarantee



about the budget but gives Members reasonable assurance that the budget has been based on the best information and assumptions available at the time.

- 6.17 To meet the requirement on the robustness of estimates several key processes have been put in place, including:
- ff) The issuing of clear guidance to Services on preparing budgets including the requirement to provide information in support of the base budget review work.
  - gg) The development of a Council wide risk assessment.
  - hh) The use of extensive budget monitoring and its escalation process to identify risks.
  - ii) The Council's S151 Officer providing advice throughout the process of budget preparation and budget monitoring.
  - jj) The Chief Executive and Executive Directors review of their budgets and appropriate sensitivity analysis.
  - kk) A review of all budget proposals and implications by the Corporate Leadership Team (CLT).
  - ll) A review of budget proposals and implications by Cabinet Members.
  - mm) Enquiries made directly by the Section 151 Officer and Finance Officers.
- 6.18 Notwithstanding these arrangements, which are designed to rigorously test the budget throughout its various stages of development, considerable reliance is placed on the Chief Executive, Executive Directors and Directors having proper arrangements in place to identify issues, project costs, service demands, income levels, to consider value for money and efficiency, and to implement changes in their service plans.
- 6.19 A summary of the key budget assumptions considered by Services and financial staff in terms of assessing the robustness of their budgets are shown below:
- nn) The treatment of inflation and interest rates.
  - oo) The treatment of demand led pressures.
  - pp) The treatment of efficiency savings/productivity gains.
  - qq) The financial risks inherent in any significant new partnerships or major capital developments.
  - rr) The availability of other funds to deal with major contingencies.
  - ss) The service's track record in budget and financial management.
  - tt) The service's capacity to manage in-year budget pressures.
- 6.20 There are plans in place for the improvement and development of the council's core systems including both Financial and HR systems and the Housing system. This will strengthen the authority's capacity and ability to monitor more effectively the overall budget.
- 6.21 Continual improvement to these processes will also assist in the prevention or at least the earlier identification of issues to be dealt with in the budget and Medium-Term Financial Strategy and allow for any in-year rebalancing to be

undertaken as soon as possible if required. Nevertheless, in preparing a comprehensive budget for an organisation such as Norwich City Council, unforeseen issues will undoubtedly still arise throughout the year and in the future.

### **Robustness of Estimates - General Fund Revenue Budget**

- 6.22 The 2025 - 2026 budget and Medium-Term Financial Strategy, the commitment to target financial resources to deliver better outcomes and effectively manage risks remains. In addition to improving efficiency, there are clearly potential choices for the Council in this respect as future circumstances evolve:
- uu) To increase financial resources to meet demand and reduce risk, and/or
  - vv) To reduce (where possible) service levels and standards, frequency of service delivery, and eligibility for services.
- 6.23 As part of developing the budget, Members of the administration have considered these options and the outcome of these deliberations are reflected in the proposed overall budget package.
- 6.24 Most notably the Council has had to address major cost increases and pressures as well as corporate priorities including:
- ww) Employee costs.
  - xx) The cost of prudential borrowing within the capital programme.
  - yy) Shortfalls in income and grant income.
  - zz) Inflation whether in terms of contractual commitments or broader inflationary pressures.
- 6.25 The importance of understanding the learning available from the annual financial cycle of key events, i.e. the production of the outturn position and the Statement of Accounts, the developing understanding of financial issues reflected within the budget management and outturn forecasting and the appropriate reflection of these changing circumstances, sensitivity of assumptions and key policy and strategic decisions, continues to be paramount.

### **Financial Sustainability Strategy**

- 6.26 The Council will continue to develop the relationship between its corporate plan and the budget, which is designed to frame its financial future and intentions. This helps set the context for the Medium-Term Financial Strategy, guide the Council's approach to maximising resources, prioritising investment, and the effective targeting of resources to deliver the Council's ambitions and outcomes.
- 6.27 The Council's approach, ambition, and commitment to achieving financial sustainability, given the level of funding uncertainty, by embracing the area's economic potential, growing the local tax base, and increasing sustainable income capabilities that support the delivery of the Council's five corporate priorities.

### **Medium Term Financial Strategy**

- 6.28 The Council needs to deliver its Medium-Term Financial Strategy reflecting the continuing impact of the proposed budget and planned growth in relation to issues that support and underpin the delivery of statutory responsibilities and best value. Within the current uncertain financial climate, it is very likely that service improvement and reasonable Council Tax increases, without key service reductions, will only be achieved through improving efficiency, clear prioritisation and adopting a commercial approach to income generation.
- 6.29 There continues to be uncertainty over the medium term as a consequence of one year national funding settlements, however the Government has announced that it plans to return to multi-year funding settlements from 2026 – 2027 onwards, underpinned by a fundamental review of Local Government financing, which provides the prospect of greater certainty in financial planning, but doesn't alter the risk that funding for Norwich City Council will not meet the demand experienced locally.

### **Adequacy of Reserves – General Fund Revenue Budget**

- 6.30 Under the Local Government 2003 Act the Secretary of State has powers to set a minimum level of reserves. The most likely use of this power is where an authority is running down its reserves against the advice of their S151 Officer.
- 6.31 Determining the appropriate levels of reserves is not a precise science or a formula e.g. a simple percentage of the Council's budget. It is the Council's safety net for risks, unforeseen or other circumstances. The reserves must last the lifetime of the Council unless contributions are made from future years' revenue budgets. The minimum level of balances cannot be judged merely against the current risks facing the council as these can and will change over time.
- 6.32 Determining the appropriate levels of reserves is a professional judgement based on local circumstances including the overall budget size, risks, robustness of budget preparation, major initiatives being undertaken, budget assumptions, other earmarked reserves and provisions, and the Council's track record in budget management. It is also a professional judgement on the external factors that influence the Council's current and future funding position.
- 6.33 The consequences of not keeping a minimum prudent level of reserves can be serious. In the event of a major problem or a series of events, the Council would run the serious risk of a deficit or of being forced to cut spending during the year in a damaging and arbitrary way.
- 6.34 The recommendation on the prudent level of reserves has been based on the robustness of estimate information and the Corporate Risk Register. In addition, the other strategic operational and financial risks considered when recommending the minimum level of unallocated General Fund reserves include:
- aaa) There is always some degree of uncertainty over whether the full effects of any economising measures and/or service reductions will be achieved. The Executive Directors have been requested to be prudent in their assumptions and that those assumptions, particularly about demand led budgets, will hold true in changing circumstances.

- bbb) The Bellwin Scheme Emergency Financial Assistance to Local Authorities helps in the event of an emergency. The Local Authority can claim assistance with the cost of dealing with an emergency over and above a threshold set by the Government.
  - ccc) The risk of major litigation, both current and in the future.
  - ddd) The Local Council Tax Support Scheme with less Government funding and increases in caseload at the Council's own risk
  - eee) Issues arising from the final Housing Benefit Subsidy Claim.
  - fff) The localisation of Business Rates including the impact of businesses declining in the city boundaries and the mitigation of risks and rewards through pooling.
  - ggg) New and impending legislation.
  - hhh) The need to retain a general contingency within the budget estimates to provide for some measure of unforeseen circumstances which may arise.
  - iii) The need to retain reserves for general day-to-day cash flow needs. This is minimal given the level of cash the Council holds at any given time.
  - jjj) The potential impact nationally, regionally, and locally of new climate change initiatives and commitment to our environmental agenda; the impact that Nutrient Neutrality is having on planning permissions and the subsequent income streams associated with development.
  - kkk) The longer-term impact of global events, such as conflicts and international trade, on the finances and operational arrangements of the Council.
- 6.35 Further exceptional risks identified may have a potential and serious call on reserves. The Council is advised to be cautious about these risks and commit to maintaining an appropriate level of reserves in relation to the evolving risk profile and the assumptions reflected within the budget and the Medium-Term Financial Strategy.
- 6.36 In these circumstances, I will require the Council, Cabinet, Chief Executive, Executive Directors and Directors:
- lll) To remain within their service budget for 2025 - 2026 and within agreed medium term financial strategy parameters for future years with a strict adherence to recovering overspends within future years' financial plan targets.
  - mmm) Repayment to reserves in line with the Medium-Term Financial Strategy should these risks materialise.
  - nnn) Direct any windfall revenue savings/underspends to reserves should the General Fund Revenue Reserves Strategy require it.

### **Estimated Earmarked General Fund Revenue Reserves**

- 6.37 I have reviewed the Council's General Fund earmarked revenue reserves which are estimated to amount to circa. £18.7 million at 1st April 2025. The main components are: business change reserve £2.6 million, unapplied revenue grants £3.9m, budget risk reserve £2.9 million, commercial property

reserve £0.8m, invest to save reserve £1.8 million, S31 reserve £0.6 million and the Lion Homes reserve £4.5 million. Further details can be found in Section 2.

### **Estimated Earmarked Housing Revenue Account Reserves**

- 6.38 I have also reviewed the Council's Housing Revenue Account overall revenue reserves which are estimated to amount to £47 million as of 1st April 2024. Including the Major Repairs Reserve.

### **Capital Investment Programme – 2024/25 to 2028/29**

- 6.39 Projects, included in the capital investment programme, were prepared by Directors and managers in line with financial regulations and guidance. All projects were considered by the relevant member of CMT and Cabinet Member and are fully funded for their estimated cost.
- 6.40 Projects have been costed at outturn prices with many subject to tender after inclusion in the programme. This may lead to variance in the final costs.
- 6.41 Services are required to work within the given cash envelope so any under or over provision must be found within these limits.

### **Capital Investment Programme Risks**

- 6.42 The risk of the Council being unable to fund variations in the programme is minimal mainly due to phasing of projects. The Council can freeze parts of the programme throughout the year to ensure spend is within the agreed financial envelope, although this may have service implications.
- 6.43 A further key risk to the capital investment programme is the ability of the Council to fully deliver it within the agreed timescales.
- 6.44 In relation to the General Fund and HRA Capital Investment Programme specifically for 2025 - 2026 (including commitments from previous years and new starts):
- ooo) The HRA Capital Investment Programme will need to be contained within total programme cost by delaying or stopping specified schemes.
  - ppp) The General Fund Capital Budget is substantial but is based on the best information available in terms of project costs. What is less certain is the phasing of expenditure.
  - qqq) The strategic schemes identified in the Capital Investment Programme will be closely monitored in-year.
  - rrr) That the funding identified for the approved Capital Investment Programme is delivered and is proportionate, prudent, affordable, and sustainable.



## 7. GLOSSARY OF TERMS USED IN THE BUDGET REPORT

Item 5

<b>Assets – Tangible and Intangible</b>	<p><i>Tangible asset</i> – an asset that has a physical form such as machinery, vehicles, information and communications technology, equipment, buildings and land.</p> <p><i>Intangible asset</i> – an asset that is not physical in nature such as goodwill, brands, patents &amp; copyrights and shares.</p>
<b>Authorised Limit for External Borrowing</b>	A statutory limit that sets the maximum level of gross external borrowing for the council.
<b>Base Budget</b>	The budget from the previous year is taken forward to create the initial budget for the next year, this is the base budget. Inflation, savings, growth and other adjustments are then added.
<b>Baseline Funding Level</b>	Authorities' local share of business rates determined by an index-linked assessment of their needs undertaken in 2012–13.
<b>Benchmark</b>	A benchmark is used to measure performance against an externally calculated value; benchmarks can be used to measure service performance, or it can enable a comparison of an investments value against a relevant 'benchmark' index.
<b>Billing Authority</b>	A council such as Norwich City Council which is responsible for collecting the Council Tax and Business Rates in its administrative area. Authorities on whose behalf billing authorities collect money are called precepting authorities.
<b>Bond</b>	A financial instrument in which an investor lends money for a specific period of time at a fixed rate of interest. Examples are corporate (issued by companies), financials (issued by banks and building societies), Supranational (issued by Supranational such as the European Development Bank), and government bonds.
<b>Brexit</b>	"Brexit" is the phrase coined to describe the process of the UK withdrawing from the European Union (EU). The UK joined the EU in 1973 and left in 2020.

<b>Business Rates</b>	Business Rates is the usual term for the National Non-Domestic Rate, a property tax charged on all properties which are not used for residential purposes.
<b>Business Rates Baseline</b>	The amount of business rates income a local authority is predicted to raise.
<b>Business Rates Safety Net</b>	An authority which sees its annual business rates income drop below its baseline funding level can receive a safety net payment at the end of the financial year from central government. Different arrangements apply however, if an authority is part of a local rates pool (such as for NCC in 2022/23)
<b>Business Rates Levy</b>	Authorities which experience growth in business rates income pay a levy. As Norwich is a pooled authority any levy is subject to the pool arrangements and is payable to the Norfolk Business Rates Pool.
<b>Business Rate appeals</b>	<p>Since the introduction of the Business Rates Retention Scheme, Local Authorities are liable for successful appeals against business rates charged to businesses.</p> <p>The Valuation Office Agency operates a Check, Challenge and Appeal process for business rates appeals against the 2017 and later rating lists.</p>
<b>Business Rates Retention Scheme</b>	This was introduced in 2013 and is designed to give local authorities more control over the money raised locally, removing the ring-fencing of grants and promoting and rewarding local economic growth. Local pooling arrangements supersede the national scheme.
<b>Capital Expenditure</b>	<p>Expenditure on the creation or enhancement of assets, for example:</p> <ul style="list-style-type: none"> <li>• The acquisition, reclamation or enhancement of land</li> <li>• The acquisition, construction, preparation, enhancement or replacement of buildings and other structures</li> <li>• The acquisition, installation or replacement of moveable plant, machinery, and vehicles</li> <li>• The acquisition or preparation of computer programs if these will be used for longer than one year</li> </ul>
<b>Capital Financing Requirement</b>	A measure of the Council's underlying borrowing need i.e. it represents the total historical outstanding capital expenditure which has not been financed.



<b>Capital Receipt</b>	This is income received from the disposal of an interest in a capital asset. The income can only be used to finance capital expenditure or to reduce future debt liabilities.
<b>Capitalisation</b>	The proportion of a company's equity to debt finance. See "Thin capitalisation". Can also refer to the process of funding revenue expenditure from capital resources in accordance with regulations– e.g. the relevant element of staffing costs, which are normally revenue expenditure, can be capitalised against a capital project if they are an integral part of delivering the capital project.
<b>Capitalisation Direction</b>	A specific approval, only available from the government, to permit general revenue expenditure to be capitalised and funded from capital resources – used in extreme circumstances where borrowing is necessary to support day to day expenditure needs.
<b>Certainty rate</b>	The government reduces interest rates on loans from the Public Works Loan Board (PWLB) by 20 basis points (0.20%) to councils who provide specific information and guarantees on their plans for long-term borrowing and capital spending.
<b>Certificate of Deposit (CD)</b>	These are term deposits commonly sold in financial markets (e.g. banks and building societies).
<b>CIPFA</b>	The Chartered Institute of Public Finance and Accountancy (CIPFA) is the professional institute for accountants working in the public services and in other bodies where public money needs to be managed. It has a role in setting codes and standards that regulate the use of public money.
<b>Collection Fund</b>	The collection fund is a separate statutory fund, which shows the income received from business rates and council tax, and the distribution to preceptors and the city council. The resultant balance is either a surplus or deficit which is applied to future years' budgets.
<b>Constant Net Asset Value Money Market Funds (CNAV)</b>	This refers to money market funds that aim to maintain a net asset value or value of a share of the fund.
<b>Contingency Budget</b>	A sum put aside to cover unforeseen expenditure during the period of the budget.

<b>Community Infrastructure Levy (CIL)</b>	The Community Infrastructure Levy (CIL) is a planning charge based on legislation that came into force in April 2010. A CIL allows the Council to raise contributions from new developments to help pay for infrastructure that is needed to support planning growth. Where a CIL charging schedule is in place, it largely replaces Section 106 obligations in delivering strategic infrastructure.
<b>Comprehensive Spending Review</b>	A governmental process carried out by HM Treasury to set medium term expenditure limits for each central government department. Usually announced for 3 years.
<b>Council Tax</b>	A tax on domestic property set by local authorities and based on the value of the property within eight bands, A to H. The council tax value of each band is expressed as a proportion of band D (e.g. Band A = 6/9, Band H = 18/9).
<b>Council Tax Base</b>	The number of properties from which it is estimated council tax will be collected, expressed as band D equivalent properties.
<b>Council Tax Surplus or Deficit</b>	A surplus/deficit arising from either more or less council tax being collected than expected. This would be because of variations in collection rate or to the estimated increase in the number of properties. The variations arise within the Collection Fund and are applied to future years' budgets.
<b>Council Tax Precept</b>	The levy made by the precepting authorities (Norfolk County Council and Police & Crime Commissioner) on Norwich City Council as the billing authority requiring the latter to collect income from council tax payers on their behalf.
<b>Council Tax Reduction Scheme</b>	The Council Tax Reduction scheme (CTRS) helps people on low incomes and/or certain welfare benefits to pay their council tax bill. Locally determined CTRS replaced the national council tax benefit scheme with effect from 1 April 2013.
<b>Council Tax Requirement</b>	The amount of funding required to be raised from council tax to meet the general fund expenditure budget after considering all other funding available.
<b>Counterparties</b>	List of approved financial institutions with which the council can place investments with.

<b>Credit Rating</b>	A measure of the credit worthiness of a borrower. A credit rating can be assigned to an organisation or a specific debt issue/financial obligation. There are a number of credit ratings agencies but the main three are Standard & Poor's, Fitch and Moody's.
<b>Credit Risk</b>	Risk of a borrower defaulting on any type of debt by failing to make payments which it is obligated to do.
<b>Depreciation</b>	The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time or obsolescence. This is only budgeted as a cost in the Housing Revenue Account (HRA).
<b>DLUHC</b>	Department for Levelling Up, Housing and Communities (formerly MHCLG).
<b>Disabled Facility Grant (DFG)</b>	A central government grant that contributes towards the cost of providing adaptations and facilities to enable disabled people to continue living in their own homes.
<b>DMADF</b>	The Debt Management Agency Deposit Facility, which is offered by central government to local authorities to make fixed term deposits to supplement their investments.
<b>Earmarked Reserve</b>	Reserves earmarked for a specific type of future spend.
<b>Enhancement (of an asset)</b>	<p>Enhancing an asset is capital expenditure which is intended to substantially:</p> <ul style="list-style-type: none"> <li>• lengthen the useful life of the asset</li> <li>• increase the open market value of the asset</li> <li>• increase the extent to which the asset can or will be used in connection with the functions of the local authority</li> </ul> <p>Repairs &amp; maintenance is revenue expenditure.</p>
<b>External Borrowing</b>	External borrowing is the process of going to an external financial institution to obtain money. The council would generally borrow from the Public Works Loans Board (PWLb) due to its favourable rates for public sector bodies, but other institutions also offer loan finance to councils.
<b>Equity</b>	An ownership interest in a business.

<b>External Gross Debt</b>	Long-term liabilities including Private Finance Initiatives and Finance Leases
<b>Expected Credit Loss</b>	This is the loss on loans should the borrower default. Calculated by multiplying the probability of occurring with the net loss and with the exposure to the loss.
<b>Fair Funding Review</b>	A review proposed by central government to consider how to fairly allocate local authority funding to individual councils according to need and resources. Although the government has acknowledged that the data and methodology for distributing funding has not been reviewed for many years, this has been delayed several times because of BREXIT, COVID-19 and other concerns. Previously linked to the government's 'Levelling Up' agenda consultation, this will now not take place until after the next General Election, which is scheduled to be held no later than January 2025
<b>Finance Lease</b>	Where a lease is classified as a finance lease, then the substance of the transaction is the same as if the authority had purchased the asset and financed it through taking out a loan. The authority therefore recognises its interest in the asset together with a liability for the same amount. The lease payments are then treated in a similar way to loan repayments, being split between the repayment of the liability and a finance charge.
<b>Financial Conduct Authority (FCA)</b>	This is the body that regulates the financial services industry in the UK.
<b>Financial Instrument</b>	A contract that creates a financial asset for one party and a financial liability for the other.
<b>General Fund</b>	The account to which the cost of providing the services that are paid for from Council Tax and Government Grants are charged. The Housing Revenue Account is a ring-fenced element of the General Fund which must not subsidise or be subsidised by Council taxpayers.
<b>General Reserve</b>	This is a usable reserve which has not been earmarked for a specific future use. Similar to a contingency, to meet unforeseen events or expenditure, it can also be used to smooth variations in the level of savings required over a number of years.
<b>Gilt</b>	A UK Government bond issued by HM Treasury.

<b>Growth</b>	An increase in expenditure generally not due to inflation/price changes but arising from growth in service demand, a change in legislation impacting on the service or a decision to invest more in a service.
<b>Housing Revenue Account (HRA)</b>	The Housing Revenue Account is a statutory ring-fenced account maintained separately from General Fund services. It includes all expenditure and income relating to the provision, maintenance and administration of council housing and associated areas such as HRA shops and garages.
<b>IFRS</b>	International Financial Reporting Standards, a set of accounting rules used for the preparation of financial statements including those of local authorities.
<b>Internal Borrowing</b>	Internal borrowing is the <i>temporary</i> use of the council's cash holdings to fund capital expenditure. Whilst this must be repaid it does not represent a formal debt in the same way as external borrowing.
<b>Investment Code</b>	Sets out practices that local authorities are "obliged to have regard to" when making investment decisions. Published by the DLUHC.
<b>London Interbank Offered Rate (LIBOR)</b>	<i>The rate of interest that banks charge to lend money to each other. The rates are set on a daily basis and used as a reference price for floating rate securities. LIBOR and LIBID are being discontinued from December 2021 following recent banking scandals. They will be replaced by SONIA</i>
<b>Liquidity</b>	A measure of how quickly the deposit of investment can be returned.
<b>Local Government Finance Settlement</b>	The annual determination of local authority spending made by the government and debated by parliament. A provisional settlement is announced before Christmas with the final settlement announced in late January.
<b>London Interbank Bid Rate (LIBID)/London Interbank Offered Rate (LIBOR)</b>	This was bid rate that participating London banks were willing to pay for Eurocurrency deposits and other bank's unsecured funds in the London interbank market. LIBOR and LIBID were discontinued in December 2021 following recent banking scandals. They were replaced by SONIA

<b>Major Repairs Reserve (MRR)</b>	The Major Repairs Reserve is a source of funding for the HRA capital upgrades programme generated by an annual asset depreciation charge to the HRA revenue budget.
<b>MCHLG (now DLUHC)</b>	The Ministry of Housing, Communities and Local Government (MHCLG), renamed Department for Levelling Up, Housing and Communities (DLUHC) in 2021.
<b>Minimum Revenue Provision (MRP)</b>	A statutory charge to the general fund revenue budget for future debt repayments (external borrowing in the capital programme). The council must set out its MRP policy in the annual Treasury Management Strategy.
<b>Net Asset Value (NAV)</b>	Value of an entity's total assets minus the value of its total liabilities.
<b>New Homes Bonus</b>	A grant paid by central government to local councils to reflect and incentivise housing growth in their areas. It is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. Being phased out as part of the review of local authority funding reforms.
<b>Net Service Expenditure</b>	Net service expenditure comprises that part of the revenue budget that is funded from retained Business Rates, Council Tax, and any revenue support grant.
<b>Non-financial Investments</b>	Investments made primarily for a financial return comprising commercial property acquisitions, lending to third parties on commercial terms and equity investments (shareholdings) in third parties.
<b>Non-Specified Investments</b>	These are investments that do not meet the conditions laid down for specified investments and potentially carry additional risks e.g. lending for periods typically beyond 1 year
<b>Office for Budget Responsibility (OBR)</b>	The Office for Budget Responsibility was created in 2010 to provide independent and authoritative analysis of the UK's public finances.
<b>Office for National Statistics (ONS)</b>	The UK's largest independent producer of official statistics and the recognised national statistical institute of the UK. Main responsibilities are collecting, analysing and publishing statistics about the UK's economy, society and population.

<b>Operating Lease</b>	<p>An operating lease is a contract that allows for the use of an asset but does not convey rights of ownership of that asset.</p> <p>From 2024/25 onwards these will be treated in the same way as <b>finance leases</b> unless they are short term or low value.</p>
<b>Operational Boundary</b>	<p>This is an indicator is based on the same estimates as the Authorised Limit for External Borrowing but reflects the most likely prudent (but not worst case scenario), without the additional headroom for borrowing included in the Authorised Limit.</p>
<b>Prudential Code</b>	<p>The Prudential Code for Local Authority Investment was introduced by CIPFA and local government is obliged “to have regard” to the code as part of the Local Government Act 2003. The key objectives of the code are that capital investment plans are affordable, prudent and sustainable. The code details the indicators that must be set annually and monitored throughout the financial year. The council’s prudential indicators are found in section 7 of the report in the Treasury Management Strategy.</p>
<b>Public Works Loans Board (PWLB)</b>	<p>The Public Works Loan Board (PWLB) is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury that lends money from the National Loans Fund to local authorities.</p>
<b>Reserves</b>	<p>The accumulation of surpluses and deficits over past years. Reserves of a revenue nature can be spent or earmarked at the discretion of the Council. Reserves of a capital nature may have some restrictions placed on them as to their use.</p>
<b>Revenue Expenditure</b>	<p>Comprises the day-to-day costs associated with running the council’s services and financing the council’s outstanding debt.</p>
<b>Revenue Support Grant</b>	<p>Introduced in 1990, this is the central grant given to local authorities to support their services. In recent years, local authorities’ income from grant has decreased and a higher proportion now comes from business rates and council tax.</p>

<b>Section 106</b>	In considering an application for planning permission, the Council may seek to secure benefits to an area through the negotiation of a 'planning obligation' with the developer. Such obligations are authorised by Section 106 of the Town and Country Planning Act 1990. The Council may therefore, in some instances, receive funds to enable it to undertake works arising from these obligations. Examples of works include the provision or improvements of community facilities (parks/play areas), affordable housing and improved transport facilities.
<b>Section 25 Notice</b>	Under Section 25 of the Local Government Act 2003 the S151 officer (currently the Executive Director of Corporate and Commercial Services) is required to state in the budget report their view on the robustness of estimates for the coming year, the medium-term financial strategy, and the adequacy of proposed reserves and balances. The council is required to take this into account when making its budget and taxation decisions.
<b>Sterling Overnight Index Average (SONIA)</b>	Sterling Overnight Index Average. Replaced LIBID and LIBOR as the key measures of interbank lending rates.
<b>Specified Investments</b>	All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' quality criteria where applicable.
<b>Spending Review</b>	An announcement made by central government of its future spending plans for the public sector including local government. The last spending review took place in 2021 and covers 2022/23 to 2024/25.
<b>Subjective Analysis</b>	The classification of expenditure and income according to the nature of the items, for example, employee costs, premises, transport, supplies & services, fees & charges income, and grant income.
<b>Subsidiary Company</b>	A company that is owned or controlled by a parent company or body.
<b>Term Deposits (TD)</b>	This is used to describe a money deposit at a banking institution that cannot be withdrawn for a specific term or period of time.
<b>Thin Capitalisation</b>	A company with too little equity finance and too much debt finance.



<b>Treasury Management</b>	The management of the local authority's investments and cash flows, its banking, money market and capital market transactions: the effective control of the risks associated with those activities: and the pursuit of the optimum performance consistent with those risks.
<b>Treasury Management Code</b>	The Treasury Management Code of Practice, published by CIPFA, regulates the management of borrowing, investments, & banking. It requires the council to agree and monitor several indicators and Treasury Management Practices – these are found in section 5 of this report in the Treasury Management Strategy.
<b>UK Government Gilts</b>	Longer-term Government securities with maturities over 6 months and up to 30 years.
<b>UK Government Treasury Bills</b>	Short-term securities with a maximum maturity of 6 months issued by HM Treasury.
<b>Unit Trust (UT):</b>	A collective investment fund that is priced, bought, and sold in units that represent a mixture of the securities underlying the fund.



## 8. EQUALITY IMPACT ASSESSMENT OF BUDGET PROPOSALS Item 5

### Background

- 8.1 Norwich City Council has identified permanent budget savings of £3.2m for the financial year 2025 - 2026. To ensure that we discharge our public sector equality duty we must have due regard to the need to:
- Eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under the act.
  - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
  - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 8.2 Information on the residents of the city as well as council customers and employees can be found in the annual Equality Information Report published on the council's website.

### Budget Context

- 8.3 The aim of the Equality Impact Assessment Process is to support good decision making; it encourages public bodies to understand how different people will be affected by their activities so that policies and services are appropriate and accessible to all and meet different people's needs. The aims of an EIA become especially important at times of tightened budgets, enabling us to:
- Think about what the council is trying to achieve.
  - Consider what impact the decision will have on different groups.
  - Target resources to those who may be most vulnerable.
  - Fund services which respond to people's diverse needs and save money by getting it right first time.
- 8.4 As part of the Corporate Plan it is proposed that we must focus our priorities and resources towards:

The council has five corporate priorities, which are:

- An open and modern council
  - A prosperous Norwich.
  - A fairer Norwich.
  - A climate responsive Norwich.
  - A future-proof Norwich
- 8.5 It is also important to understand the national and local context in which the budget and medium-term financial plan are being developed. The council has seen reductions in its long-term funding allocations from central government and with the expectation that there will again only be a one-year local government settlement there remains significant uncertainty over future funding levels including the operation of the business rates retention scheme.

- 8.6 The level of funding allocated to local government continues to be insufficient to support the increasing demand for council services. This, together with increased cost of living pressures, means that the council will not receive adequate resources to cover its costs over the medium term.
- 8.7 Certain budget decisions – perhaps where they do not have an impact on service provision available to our residents – will not require specific Equality Impact Assessments. However, where there is a material impact on service provision, an individual EIA will be conducted before any change is implemented.

### **Cumulative Equality Impact Assessment of Budget 2025 - 2026**

- 8.8 Budget decisions can have different impacts on different groups of people, either changes to individual services or in the way those changes have an impact cumulatively. This appendix summarises the Equality Impact Assessment for the budget proposals for the financial year 2025 - 2026. It highlights:
- The key differential impacts of potential budget decisions for legally protected groups.
  - Where a single decision or series of decisions might have a greater negative impact on a specific group.
  - Ways in which negative effects across the council may be minimised or avoided, and where positive impacts can be maximised or created.
- 8.9 We have undertaken an initial screening of all budget proposals, including those relating to the HRA, to ascertain where a potential change impacts on service provision. This has identified those proposals that require an Equality Impact Assessment or consultation. In those cases, an Equality Impact Assessment template has been completed by service leads to identify the main potential impacts on groups covered by legislation (the protected characteristics in the Equality Act 2010).
- 8.10 Equality Impact Assessments (EIA) for specific proposals are developed as proposals are being finalised. This ensures that the impact is understood and mitigating actions that minimise disadvantage and tackle inequality are identified where possible. These initial assessments are made available at the relevant time so that members can make informed decisions. There may be some proposals that have implications for council employees for which details of consultation or Equalities Impact Assessments cannot be published owing to data protection or employment legislation.
- 8.11 The EIA process and consultation have been based on identifying whether service delivery impacts are likely to be different for a person because of their protected characteristic (with a focus on where impacts may be worse).
- 8.12 While assessing the cumulative impact of our proposals on equality groups, we have identified an additional factor that could compound the impact. This is the risk of financial exclusion (due to low income).

## **Equality Impact Assessment Findings**

### **Council Tax Increase**

- 8.13 A 2.99% increase to the Band D rate is proposed in the 2025 - 2026 budget figures. The proposed 2025 - 2026 Band D rate is therefore £306.11 compared to the current year rate of £297.22 – an increase of £8.89.
- 8.14 Overall, this would result in an additional £0.4m of revenue to support council expenditure, therefore reducing the amount of savings which may otherwise need to be achieved by cutting or reducing service provision for customers, including those who may be from vulnerable groups. An increase in council tax values will, however, have a financial impact for most households in Norwich. The increase may be particularly difficult for those who are already under financial pressure.
- 8.15 In terms of impact, since Council Tax is applicable to all properties it is not considered that the increase targets any one group, rather it is an increase that is applied across the board. It should be noted that most Norwich residents are within council tax Bands A and B where the annual increase is lower; the impact on all individual council tax bands is shown Appendix 2(E).
- 8.16 The main mitigation is that many people on low incomes can get Council Tax Support to help them pay their Council Tax bills. The council has retained a 100% Council Tax Support Scheme and the proposal is to maintain current levels of support and assistance in 2025 - 2026. In addition, further support is in place through the council's discretionary policies for those who suffer hardship and other support mechanisms.

### **Council Tax Premiums**

- 8.17 The Levelling Up and Regeneration Act 2023 received assent in October 2023, as a consequence we are introducing new Council Tax Premiums regarding empty homes and second homes. Initial considerations indicate that a limited number of people will be affected across the city. We will carry out further assessments at the appropriate time.

### **Rent and Service Charge Increase**

- 8.18 The proposal within the HRA budget is that rents increase by 2.7% in line with the government's announcement at the Autumn statement. For social housing tenants this equates to an average increase of £2.62 per week. This increase applies equally to all properties and so is not considered to have a differential impact on any group having a protected characteristic. Support is however available for those on low incomes through the operation of Housing Benefit or in some cases Universal Credit.
- 8.19 Garage rent increases are proposed at 2.7%, based on the level of the September 2024 CPI inflation index; this also applies across the board and so is not considered to have any differential impact on those with protected characteristics.

### **Savings and Income Proposals**

- 8.20 There has been an overall assessment of the Equality Impact Assessments that have been produced for the savings and income proposal and the findings are:

- We acknowledge the need to ensure that our services are as accessible as possible. This will be central when looking at alternative models of delivery, including the use of technology to reduce our costs.
  - There are some fee increases for non-statutory services that we provide, and we understand that these fee increases all add up. This may not impact on specific protected characteristics but will impact on those who have a low income; the impact of the cost-of-living crisis is also likely to exacerbate the impacts on lower income groups.
- 8.21 The equality impact assessments will continue to be updated as projects move through the feasibility appraisal and into implementation.
- 8.22 If there is a requirement to adapt the proposals as the full EIAs are finalised, there is financial mitigation (in the form of the budget risk reserve) put aside for any non-delivery or amendments to proposals.