

2. GENERAL FUND 2023/24 BUDGET AND MTF5

Forecast 2022/23 Outturn

- 2.1 The latest position on the General Fund, as at Quarter 3 shows a forecast underspend of £1.764m.
- 2.2 Most of the underspend has been generated within corporate finance, where a significant increase in the level of interest generated by the council's day to day cash investments continues to be seen. This is due to the increase in interest rates and the relatively high cash balances as capital expenditure has slipped; the capital receipt from the sale of Norwich airport industrial estate has been received and the externalisation of some debt which took place last year when interest rates were lower. Once the impact of the additional treasury management income is removed services overall are showing a broadly balanced position.
- 2.3 In the updates to the medium-term financial strategy in this report, it has not been assumed that the Q3 forecast underspend level is returned to general fund reserves, rather it is expected that any costs of implementing the council's change programme incurred in 2022/23 will have first call on the final underspend, with the remainder being allocated to the Business Change Earmarked Reserve to assist in the future funding of those costs. The final proposed approach will be set out for members once the outturn position is known.

Proposed 2023/24 Revenue Budget

- 2.4 Appendix 2 (A) summaries the key movements in the base budget (i.e. from the 2022/23 approved budget) to arrive at the proposed 2023/24 budget. Appendix 2 (B) shows a subjective breakdown of the gross income and expenditure proposed.
- 2.5 Following the December budget report to Cabinet there are several areas where the proposed budget figures have been updated based on additional information being available and the refinement of budget options. The main areas of change are:
- An additional £0.389m of inflationary costs, including higher expected costs in relation to the waste and recycling contract and an allowance for any further emerging general inflationary pressures.
 - Additional business rates income £0.687m following confirmation from government on the council's business rates baseline level and updated analysis on forecast taxbase revenues.
 - A reduction in proposed savings of £0.131m reflecting minor amendments to the savings figures following review and refinement, in particular the final confirmation from the pension fund of the profile of costs savings resulting from pre-payment of the secondary element of the council's pension contribution.
 - A reduction in grants of £34k following the provisional local government finance settlement.
 - A reduction of £135k following the updates to internal recharges.

Savings, growth and investment

- 2.6 Permanent savings or additional income of £5.5m have been identified. Overall, this is slightly lower than the savings target of £6.2m identified in the MTFS update presented to Cabinet in July 2022. However, other updates to the MTFS assumptions, such as the higher increase in council tax receipts and lower permanent growth, means that the provisional budget shows a balanced position, with no requirement to draw down on general reserves. A detailed summary of the proposed budget savings and growth is shown in Appendices 2 (F) and 2 (G).
- 2.7 Included within the savings figure are amounts relating to updated assumptions on the council's borrowing costs (£1.4m) and the income generated from the council's cash investments (£1.7m). The loan interest budget for 2023/24 assumes that maturing loans can be refinanced at lower rates based on the current borrowing rate forecasts, thereby reducing the overall costs to the council. As set out in paragraph 2.2 the council is also benefiting from the increases in interest rates on its cash balances and this is expected to continue to benefit the budget position in 2023/24. The improvements in these budgets are expected to reduce over the medium term as borrowing and interest rates stabilise and then fall, and this has been incorporated into the medium-term financial projections on a prudent basis.
- 2.8 The savings options for 2023/24 have been proposed from service areas and reviewed by the council's newly constituted Design Authority which includes representation from strategy and transformation, finance, HR, IT, procurement and legal. Proposals have then been reviewed by the Corporate Leadership Team to assess the deliverability and impact against the corporate plan. Service leads have completed outline or full business cases as appropriate for each option which include deliverability assessments for savings items as well as setting out key milestones, resource requirements and risks.
- 2.9 In line with the approach used in previous years, the council has consulted the public on the proposed approach to setting the budget and on the proposals for a council tax rise. The consultation closed on 20 January 2023. An analysis of the results is given in Appendix 2 (I) and will provide useful feedback as the council shapes its future budget proposals. The consultation found that 50% of people agree or strongly agree with the proposed council tax increase, while 61% of people either agree or strongly agree with continuing to provide council tax relief at 100 per cent for those working age residents on low incomes.
- 2.10 The budget proposals include £0.401m of permanent budget growth (i.e. increases to the budget not arising from inflationary factors). The full list is shown in Appendix 2 (G). At this stage, the budget options are proposals, some of which will be subject to further consultation exercises before implementation.
- 2.11 The 2022/23 budget included a £1.2m allowance for the continuing impacts of Covid-19, around the council's car parking and rental income levels. These have been fully reversed in the provisional 2023/24 budget on the assumption that these budgets are able to recover to pre-pandemic levels.

- 2.12 There is investment of £0.955m from the business change, invest to save and commercial property earmarked reserves to support specific projects in 2023/24. The full detail is shown in Appendix 2 (H).

Inflation

- 2.13 The increasing inflation levels have placed additional pressures on the council's finances. £4.9m of inflationary costs have been incorporated into the 2023/24 proposed budget across pay, utilities and other contract costs.
- 2.14 The council's pay structure is primarily based on national negotiating body pay spines and nationally negotiated settlements. The process has not concluded for the 2023/24 financial year and therefore an estimate of payroll inflation at 4% has been included within the proposed budget. Given that pay costs form a significant proportion of the council's budget and the uncertainty over future pay awards, this is a key budget risk.
- 2.15 Many of the council's contracts have inflationary increases incorporated within them and therefore the significant increases in CPI and RPI measures has created a clear pressure on the budget position. Inflationary increases have been applied across the council's main contracts based on relevant CPI levels, although there remains a risk that further cost pressures emerge as contracts come up for re-tender.

Council Tax & Business Rates

- 2.16 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 2023/24.
- 2.17 A 2.99% increase to the Band D rate is proposed in the 2023/24 budget figures (£0.320m additional income). The proposed 2023/24 Band D rate is therefore £288.59 compared to the current year rate of £280.21 – an increase of £8.38. This is for the Norwich City Council share of total council tax only and does not include the amounts added from preceptors - Norfolk County Council and the Office of the Police and Crime Commissioner for Norfolk. Appendix 2 (E) shows the proposed increases by each Council Tax band.
- 2.18 The figures shown will be reduced, for qualifying council taxpayers, by the council's Council Tax Reduction Scheme (CTRS). Currently the total cost of the CTR scheme is £14.4m, of which the Norwich share is around £1.9m.
- 2.19 The current estimate of the Council taxbase is 38,260 (Band D equivalent properties) which combined with the Band D rate above gives an expected income of £11.041m in 2023/24.
- 2.20 The 2023/24 amount of retained business rates has been budgeted at £7.613m along with a forecast deficit distribution from 2020/21, 2021/22 and 2022/23 of £0.132m after allowing for transfers to the S31 earmarked reserve. The transfers to the reserves are to offset the timing differences created as a result of changes in the relative proportions of income received as business rates payments or government S31 grant in 2021/22 and 2022/23 compared to the initial estimates. A breakdown of the business rates calculation is shown in Appendix 2 (E). On 22 September 2022, all Norfolk local authorities confirmed to MHCLG an intention to create a

Norfolk business rates pool in 2023/24 – further detail on this was provided in the budget report to Cabinet in December.

- 2.21 There remains a financial risk on business rates income from the impact of valuation appeals and allowance for a contribution to an appeals provision is also included in the forecasts and reviewed annually.

Council Tax Premiums

- 2.22 As a billing authority, the council must adopt policies for the application of discretionary Council Tax premiums.
- 2.23 In May 2022 the Government's 'The Levelling Up and Regeneration Bill' put forward discretionary Council Tax premium options on empty properties and second homes. Through this Bill it is the Government's intention to: a) reduce the minimum period for the implementation of a Council Tax premium for empty premises from two years to one year; and b) allow Councils to introduce a Council Tax premium of up to 100% in respect of second homes.
- 2.24 The Government has confirmed that billing authorities that wish to adopt any changes arising from the Bill are required to make a Council resolution confirming their requirements at least 12 months prior to the financial year in which the changes will come into effect; meaning that the Bill will need to obtain Royal Assent prior to 1 April 2023 in order to adopt the changes for the year commencing 1 April 2024.
- 2.25 This report recommends an in-principle decision from Members to agree proposals in accordance with the Council Tax premium proposals set out within the Bill, subject to Royal Assent being obtained.
- 2.26 Initial, high-level analysis shows that the application of a 100% premium on second homes within Norwich could generate around £1.37m in additional Council Tax revenue, with circa £0.18m retained by Norwich City Council.

Grants

- 2.27 The Provisional Local Government Financial Settlement was released on 19 December 2022 providing details on the grant funding levels for the council in 2023/24. The key elements of the settlement are outlined in Section 1 of the budget report, including details of a new 'guarantee' grant to ensure all councils have an increase of at least 3% to their core spending power.
- 2.28 Overall, as shown in the table below for the confirmed grants there is a £34k reduction. The new guarantee grant has been vital in offsetting the reduction in New Homes Bonus (NHB) allocation for 2023/24. The value of NHB has reduced by £0.5m from the prior year because Norwich's percentage growth in housing stock of 0.36% fell below the national baseline for the bonus of 0.4%. There is still uncertainty over the future of NHB beyond 2023/24, creating a clear risk to the council's future funding levels when the funding guarantee mechanism may also not be in place.
- 2.29 In previous versions of the MTFs, it had been assumed the council would see a reduction of one-third in its core un-ringfenced grants; this was based on the understanding future funding for the sector may be prioritised towards authorities with adult social care responsibilities when the resource need assessment was updated.

| | December Report £000 | Provisional Settlement £000 |
|---|----------------------------|-----------------------------------|
| Revenue Support Grant | (225) | (491) |
| New Homes Bonus | (491) | (45) |
| Lower Tier Services | (268) | - |
| Services Grant | (272) | (233) |
| Local Council Tax Support Admin | (250) | - |
| Housing Benefit Admin Grant | (491) | (546) |
| Funding Guarantee Grant | - | (653) |
| Business Rates cost of collection allowance | (268) | (264) |
| | (2,266) | (2,232) |

Budget Risks

2.30 At this stage, the combination of uncertainty over the government financial settlement, wider economic conditions, service pressures and the level of savings to be delivered, means the level of risk associated with the provisional budget is higher than usual. Some of the key risks are outlined below which will continue to be closely monitored. The council holds a budget risk reserve (current balance £2.4m) to provide resilience against emerging pressures and delays in the delivery of savings.

- **Savings delivery & cost of change.** The budget includes £5.5m of savings and income proposals for delivery in 2023/24. This is a significant undertaking and will require resources (e.g. project management, backfill, redundancy costs) to implement successfully. Delays in the implementation timelines will impact on the deliverability of savings in next financial year. To facilitate delivery a corporate change team has been set up to co-ordinate and programme manage the full range of projects. Close monitoring of delivery will be undertaken, and any financial risks managed within year or through the strategic use of reserves.
- **Inflation.** The scale of volatility in inflation, including the scale of increases in gas and electric costs, means forecasts are subject to change. The Office for Budget Responsibility in its November 2022 update noted that, given the number of recent changes in fiscal policy and the volatility in financial and energy markets, the range of external forecasts for CPI and GDP is wide. There is also uncertainty over the level of pay award and the impact of an additional 1% above our budget assumption would add around £0.240m of additional cost.
- **Housing Benefit.** In recent years the council has seen reducing levels of 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 subject to

punitive subsidy rules. Along with increased demand and rental market pressures, councils are therefore seeing increased subsidy loss.

- **Service Pressures.** The economic situation is putting huge financial pressures on local businesses and residents, particularly the most vulnerable. It is likely that service demand pressures will emerge in the coming months for example through the council's homelessness service. It may also impact on council income streams and the levels of council tax and business rates collected, coming on top of the previous Covid-19 challenges.
- **Parking Agreement.** Under an agreement with Norfolk County Council, Norwich City Council delivers a range of parking services on city roads including permit parking, controlled parking extensions, tariffs and enforcement activity for on-street parking and bus lanes. The County Council has been undertaking an options appraisal for the future delivery arrangements for on-street parking and enforcement.

A proportion of costs are charged to the County Council as part of the agreement. This includes the direct costs of the enforcement team as well as corporate overheads to reflect the roles of support services (primarily customer contact) in delivering the requirements of the agreement. When a decision is notified to us from the County Council about the future operating model and timeline for implementation, the full cost implications on the council will need to be assessed.

Chart 2.1: 2023/24 provisional gross expenditure budget by type of spend

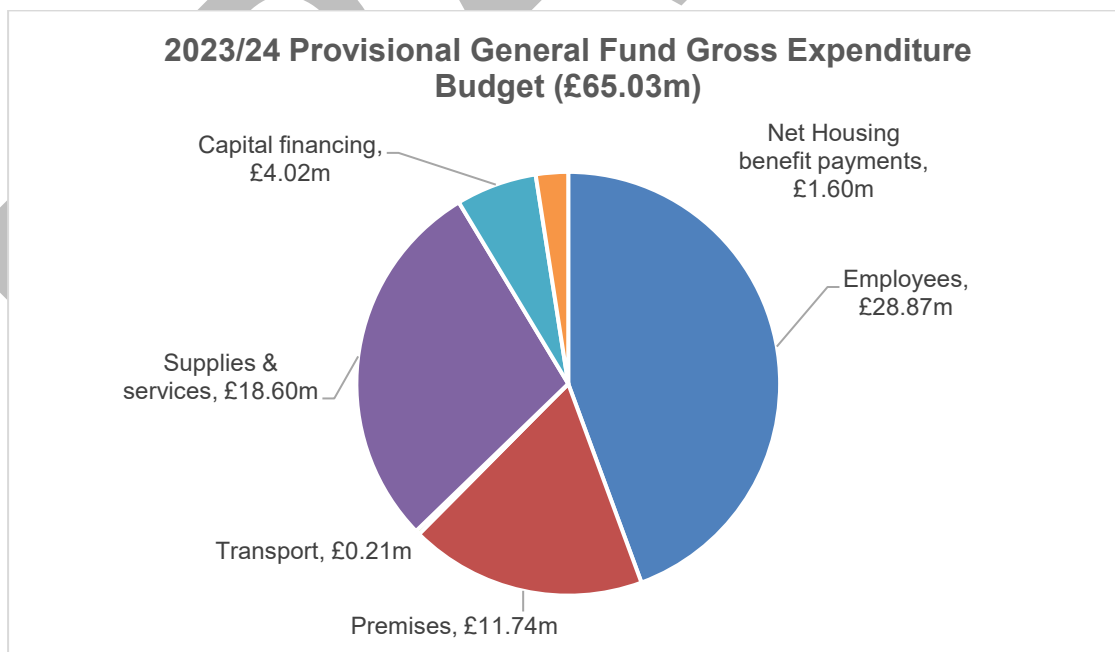
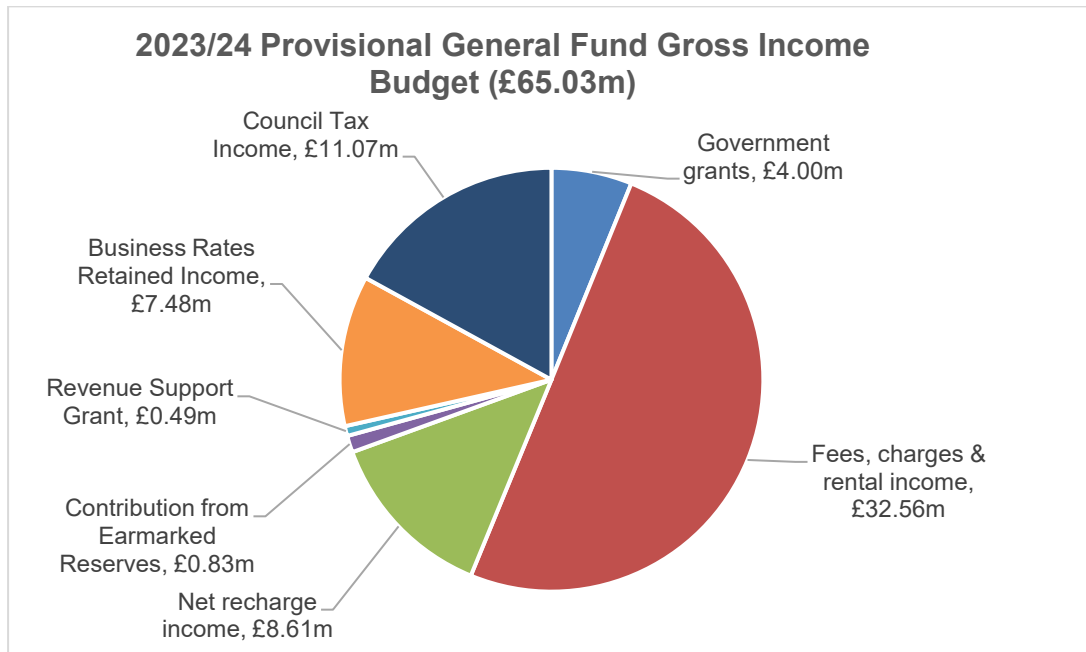


Chart 2.2: 2022/23 provisional gross income budget by type of income



Medium Term Financial Strategy (MTFS)

- 2.31 The MTFS is a forecast of the estimated cost of delivering current services over the next 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.
- 2.32 The July MTFS update identified a savings requirement of £10.953m over the four-year period to 2026/27 (Table 2.1). The updated MTFS is showing a savings requirement over the same period of £11.1m, of which £5.5m has been identified and incorporated into the 2023/24 budget proposals. This leaves a forecast requirement to deliver a further £5.6m of savings by 2026/27 (Table 2.2). The full MTFS by subjective group is shown in Appendix 2 (D).
- 2.33 Detail on the key assumptions in the MTFS was provided in the Budget Update Report to Cabinet in December 2022.

Table 2.1: July 2022 Medium Term Financial Position – Figures are in £000s

| | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|--------------------------------------|--------------|--------------|--------------|---------------|
| Budget base | 23,684 | 19,589 | 21,090 | 21,131 |
| Resources | (17,484) | (18,458) | (19,024) | (19,575) |
| Savings required (in-year) | 6,200 | 1,131 | 2,066 | 1,556 |
| Savings required (cumulative) | 6,200 | 7,331 | 9,397 | 10,953 |

Table 2.2: Updated Medium Term Financial Position – Figures are in £000s

| | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|--------------------------------------|-----------|--------------|--------------|--------------|
| Budget base | 19,041* | 22,565 | 21,641 | 22,641 |
| Resources | (19,041)* | (19,851) | (20,410) | (20,991) |
| Contribution from reserves | 0 | | | |
| Savings required (in-year) | 0 | 2,713 | 1,230 | 1,650 |
| Savings required (cumulative) | 0 | 2,713 | 3,944 | 5,593 |

* Includes £5.527m of savings – see Appendix F

- 2.34 The council has identified a range of potential future savings of £6.692m against the revised cumulative target of £5.593m. These are provisional options and are still subject to a full budget validation process. All options will continue to be refined as part of future corporate business planning processes.
- 2.35 It is important at this stage that the provisional options identified exceed the target for several reasons. Firstly, it allows for options to be reviewed and feedback from the public consultation to shape the future budget direction. Secondly, as the options are still subject to a full validation process it is likely that the savings figures may evolve and change as this work is completed. Lastly, there is a high degree of risk associated with the MTFS projections especially around government funding from 2025/26 onwards considering the fiscal challenges outlined in the Autumn Statement. It is therefore important the council has plans that can flex to the financial position as a clearer view emerges.

MTFS Risks & Uncertainties

- 2.36 There are number of significant financial risks and uncertainties over the period of the medium-term financial strategy. These include:
- Future funding levels given the clear message in the Autumn Statement about the need to reduce public spending and the prioritisation of local government funding to address challenges in adult social care.
 - Uncertainty over future inflationary levels and impacts on council expenditure.
 - The quantum of the savings to be delivered and the associated costs to enable the required changes.
 - Capital requirements arising from the ongoing strategic review of the council's asset portfolio.
 - Uncertainty over the cost implications of delivering the council's net zero carbon objective.
 - Impacts of future government policies e.g. National Waste Strategy, Planning White Paper, Levelling up and local government reorganisation.

General Fund Reserves Position

The General Fund reserve

- 2.37 The prudent minimum level for the general fund reserve has been reviewed for 2023/24 by the Chief Finance Officer and has been set at £5.4m; an increase over the 2022/23 level of £5.1m and reflecting the overall rise in the council budget requirement and other relevant factors.

Table 2.3: Estimated General Fund reserves position (Figures are in £000s)

| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|------------------------|-----------------|----------------|----------------|----------------|----------------|
| Brought forward | (10,336) | (8,236) | (8,236) | (8,236) | (8,236) |
| Transfers (to)/from | 2,100 | 0 | 0 | 0 | 0 |
| Carried forward | (8,236) | (8,236) | (8,236) | (8,236) | (8,236) |

* Note the opening 2022/23 reserve balance is still subject to the finalisation of the 2021/22 external audit process.

- 2.38 The forecast reserves position incorporates the budget contribution from reserves for 2022/23 (£2.1m) and assumes a balanced budget in 2023/24. This would leave general reserves at £8.2m which is above the prudent minimum level of £5.4m.
- 2.39 On the basis that provisional options have been identified to close the budgetary shortfall in the years 2024/25 to 2026/27 no further drawn downs from general reserves are currently forecast. If the timetable for savings delivery changes to mean identified amounts cannot be delivered until later in the MTFS period, there is capacity to utilise up to £2.8m of additional reserves (down to the prudent minimum level) in the short term to support the budget position. Reserves are however a one-off source of funding and therefore this is not sustainable in the long term but could be considered where there is a clear and robust plan to address the budget shortfall.

Earmarked Reserves

- 2.40 The General Fund 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. The key reserves are summarised in Table 2.4.

Table 2.4: General Fund earmarked reserves (Figures are in £000s)

| | Actual 31 March 2022 | Forecast 31 March 2023 | Forecast 31 March 2024 |
|--|----------------------------|------------------------------|------------------------------|
| Invest to Save Reserve To support the delivery of savings and efficiencies through the Future Shape Norwich Programme. | 2,011 | 1,513 | 1,097 |
| Budget Risk Reserve To manage the financial risks associated the delivery of the budget savings identified. | 2,391 | 2,391 | 2,391 |

| | Actual 31 March 2022 | Forecast 31 March 2023 | Forecast 31 March 2024 |
|--|----------------------------|------------------------------|------------------------------|
| 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. | 1,577 | 986 | 234 |
| 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. | 2,490 | 1,480 | 1,353 |
| Insurance Reserve This is to cover the excesses carried in respect of claims under various insurance policies and is subject to annual actuarial review. | 1,133 | 1,133 | 1,133 |
| Norwich Regeneration Ltd Reserve Originally established to smooth any fluctuations in net income received by the Council from lending to NRL. The reserve level was increased in 2019/20 to mitigate against any potential future Minimum Revenue Provision charges required to cover for estimated non-recovery of the loan balance. The recoverability of the loan will continue to be reviewed and should any element of the reserve not be required it can be returned to general reserves. | 2,700 | 2,050 | 1,400 |

| | Actual 31 March 2022 | Forecast 31 March 2023 | Forecast 31 March 2024 |
|--|----------------------------|------------------------------|------------------------------|
| S31 Grant Reserve Unutilised balance of S31 grant monies received in prior years from Central Government to fund Business Rates reliefs. The reserve was increased in 2021/22 due the additional grant income received to compensate the council for additional business rates reliefs announced by HM Treasury as part of the Covid-19 response. This will be returned to the general fund over the following years to match the timing of the related collection fund deficits. | 11,645 | 629 | 2,277 |
| 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. The majority of the balance is made up of Section 106 contributions which are released each year to support the maintenance costs on specific assets. | 4,477 | 3,674 | 3,374 |
| General Fund Repairs Reserve To provide future funding for required maintenance on general fund properties. £0.2m budgeted to be used in 2021/22 to fund required property maintenance. | 600 | 475 | 475 |

| | Actual 31 March 2022 | Forecast 31 March 2023 | Forecast 31 March 2024 |
|---|----------------------------|------------------------------|------------------------------|
| Business Rates Pool Reserve The council received a distribution of £0.675m from the Norfolk Business Rates Pool as agreed by Norfolk Leaders. It is set aside in this reserve to support future spend in line with the economic development objectives of the fund. | 675 | 110 | 110 |
| Other minor reserves | 150 | 150 | 150 |
| Total | 29,849 | 14,591 | 13,994 |

Appendix 2 (A): Movements from the approved 2022/23 base budget

| | |
|-----------------------------------|-----------------|
| | £000 |
| 2022/23 Budget Resources | (17,713) |
| Budget movements: | |
| Increase in business rates income | (582) |
| Increase in council tax income | (481) |
| Movement in revenue support grant | (266) |
| 2023/24 Budget Resources | (19,041) |

| | |
|--|---------------|
| 2022/23 Budget Requirement | 17,713 |
| Budget movements | |
| | |
| Reverse prior year contribution from reserves | 2,100 |
| | |
| Reversal of one-off items in the 2022/23 budget | (528) |
| MTFS movements | 87 |
| | |
| Inflation | 4,893 |
| Reduction in grant income | 563 |
| Other movements and recharges | (679) |
| | |
| Permanent growth Appendix 2 (G) | 401 |
| Permanent savings & additional income Appendix 2 (F) | (5,527) |
| Short term growth | 18 |
| New service investment from earmarked reserves | 999 |
| Earmarked reserve transfers to meet service investment | (999) |
| | |
| Revised 2023/24 Budget Requirement | 19,041 |

Appendix 2 (B): 2023/24 provisional budget by subjective group

| Subjective group | Budget 2022/23 £000 | Budget 2023/24 £000 | Movement £000 |
|---|---------------------------|---------------------------|------------------|
| Employees | 30,224 | 28,865 | (1,359) |
| Premises | 10,489 | 11,744 | 1,255 |
| Transport | 249 | 209 | (40) |
| Supplies & services | 17,779 | 18,598 | 819 |
| Housing benefit payments | 41,492 | 41,639 | 147 |
| Capital financing | 4,377 | 4,016 | (361) |
| Gross expenditure | 104,610 | 105,071 | 461 |
| Government grants | (44,845) | (44,037) | 808 |
| Fees, charges & rental income | (27,683) | (32,558) | (4,875) |
| Net recharge income | (10,051) | (8,606) | 1,445 |
| Gross income | (82,579) | (85,201) | (2,622) |
| Contribution from General Reserves | (2,100) | 0 | 2,100 |
| Contribution to/from Earmarked Reserves | (2,218) | (829) | 1,389 |
| Total Budgetary Requirement | 17,713 | 19,041 | 1,328 |

Explanation of key variances:

- Employee costs have decreased by £1.359m. Although the 2023/24 employee budget includes inflationary adjustments for salaries and on-costs (£2.0m), the transfer of some property services employees directly into the Housing Revenue Account (£1.7m which would previously have been a recharge) combined with other service review impacts and reductions in pension deficit costs has resulted in an overall net decrease in costs.
- The premises increase in costs is primarily due to significant inflationary increases, in particular in relation to gas, electric and insurance costs.
- Fees, charges and rental income has increased mainly as a result of the prior year Covid-19 growth being reversed (£1.2m) and additional interest of cash investments (£3.8m). A share of the additional interest is recharged to the Housing Revenue Account (£2.1m) which can be seen in the reduction in net recharge income line.
- The reduction in the contributions from reserves is due to being able to balance the 2023/24 budget without support from general reserves. The contribution from earmarked reserves reflects the current allocations as detailed in Appendix 2(H).

Appendix 2 (C): 2023/24 provisional General Fund budget by service

| | Gross Expenditure £000 | Gross Income £000 | Net Expenditure £000 |
|--|------------------------------|-------------------------|----------------------------|
| Chief Executive | 267 | 0 | 267 |
| | | | |
| Corporate Financing | 2,517 | (6,828) | (4,311) |
| | | | |
| Corp & Commercial Services Management | 476 | 0 | 476 |
| Finance, Audit & Risk | 2,005 | (1,139) | 866 |
| HR & Organisational Development | 1,241 | (504) | 737 |
| Legal & Procurement | 3,153 | (1,371) | 1,782 |
| Revenues & Benefits | 44,659 | (41,381) | 3,278 |
| Total Corporate & Commercial Services | 51,534 | (44,395) | 7,139 |
| | | | |
| Community Services Management | 407 | 0 | 407 |
| Customers, IT & Digital | 8,396 | (3,026) | 5,370 |
| Strategy, Engagement & Culture | 3,990 | (1,297) | 2,693 |
| Housing & Community Safety | 6,868 | (5,663) | 1,205 |
| Total Community Services | 19,661 | (9,986) | 9,675 |
| | | | |
| Development & City Services Management | 556 | 0 | 556 |
| Environment Services | 18,553 | (14,324) | 4,229 |
| Planning & Regulatory Services | 4,439 | (2,041) | 2,398 |
| Property & Economic Development | 7,543 | (7,626) | (83) |
| Total Development & City Services | 31,091 | (23,991) | 7,100 |
| | | | |
| Total General Fund | 105,070 | (85,200) | 19,870 |
| | | | |
| Contribution from General Reserves | 0 | 0 | 0 |
| Contribution from Earmarked reserves | 0 | (829) | (829) |
| Contribution to Earmarked reserves | 0 | 0 | 0 |
| Budget Requirement | 105,070 | (86,029) | 19,041 |
| | | | |
| Revenue Support Grant | | (491) | (491) |
| Business Rates Retained Income | | (7,480) | (7,480) |
| Council Tax Income | | (11,070) | (11,070) |
| Budget Resources | | (19,041) | (19,041) |

Note: Corporate financing includes interest costs, minimum revenue provision, New Homes Bonus, Council Tax Support Admin Subsidy Grants and contingency.

Appendix 2 (D): Breakdown of MTFS by subjective group

| | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | £000 | £000 | £000 | £000 |
| Employees | 28,865 | 29,239 | 29,591 | 30,523 |
| Premises | 11,744 | 12,271 | 12,362 | 12,447 |
| Transport | 209 | 210 | 210 | 211 |
| Supplies & Services | 18,597 | 18,814 | 18,955 | 19,097 |
| Capital Charges | 4,016 | 3,404 | 2,991 | 2,866 |
| Housing Benefit Payments | 41,639 | 40,466 | 39,589 | 39,024 |
| Benefit Subsidy | (40,036) | (38,358) | (37,148) | (36,186) |
| Net recharge income | (8,605) | (8,215) | (8,215) | (8,215) |
| Contribution to Capital | 0 | 0 | 0 | 0 |
| Fee, charges, rental income | (32,558) | (31,892) | (31,209) | (30,966) |
| New Homes Bonus | (45) | (45) | (45) | (45) |
| Benefit/CTS Admin grant | (665) | (599) | (539) | (485) |
| Other Government Grants | (3,291) | (3,186) | (3,187) | (3,186) |
| Earmarked reserves transfer | (829) | (44) | 0 | 0 |
| Assumed growth cumulative | 0 | 500 | 1,000 | 1,500 |
| Subtotal budgets (no savings) | 19,042 | 22,565 | 24,355 | 26,585 |
| Business Rates | (7,480) | (7,772) | (7,839) | (7,906) |
| Formula Funding (RSG) | (491) | (491) | (491) | (491) |
| Council Tax | (11,070) | (11,589) | (12,081) | (12,595) |
| Total funding | (19,041) | (19,852) | (20,411) | (20,992) |
| Budget Gap | 0 | 2,713 | 3,944 | 5,593 |

Appendix 2 (E): Calculation of retained Business Rates income and Council Tax

A. Business Rates Retained Income

| | £000 |
|---|----------------|
| Retained Income (including S31 grants for reliefs) | (7,889) |
| Less: Levy to the Norfolk Pool for economic development & pooled growth | 276 |
| Plus: Net surplus distribution 2020/21 – 2022/23 | (4,353) |
| Less: Transfer to S31 grant from earmarked reserves | 4,485 |
| Total Business Rates Income 2023/24 | (7,481) |

B. Council Tax Calculation 2023/24

| | No. | £ |
|--------------------------------------|-----|-------------------|
| Budgetary requirement | | 19,041,562 |
| - Revenue Support Grant | | (490,604) |
| - Business Rates Distribution | | (7,481,452) |
| = Council tax requirement | | 11,069,506 |
| - Surplus on collection fund 2022/23 | | (28,053) |
| =Total Council tax income | | 11,041,453 |
| Band D Equivalent properties | | 38,260 |
| Council tax (Band D) | | 288.59 |

C. Norwich City Council tax increase 2022/23 to 2023/24, Bands A to H

| Band | A | B | C | D | E | F | G | H |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 2022/23 | £186.81 | £217.94 | £249.08 | £280.21 | £342.48 | £404.75 | £467.02 | £560.42 |
| Increase | £5.58 | £6.52 | £7.44 | £8.38 | £10.24 | £12.10 | £13.96 | £16.76 |
| 2023/24 | £192.39 | £224.46 | £256.52 | £288.59 | £352.72 | £416.85 | £480.98 | £577.18 |

Appendix 2 (F): 2023/24 list of proposed budget savings/increased income

| Theme | Directorate | Description | 2023/24 £000 | 2024/25* £000 | 2025/26* £000 | 2026/27* £000 | TOTAL |
|---|-------------------|---|-----------------|------------------|------------------|------------------|-------|
| Efficiencies, funding changes and budget rebasing | Community | Detailed line-by-line review of budgets | 182 | 9 | 4 | | 195 |
| | Community | Review of shared amenities recharge to the HRA for maintenance on communal areas. | 120 | | | | 120 |
| | Community | Additional grant income to support private sector leasing team for its role in housing refugees. | 24 | | | | 24 |
| | Community | Reduction in the costs of the Citizen magazine through a review of frequency and combining with tenant magazine. | 25 | | | | 25 |
| | Community | Move Community Enabling team to (50:50) HRA/GF split, supporting delivery of tenant engagement requirements of Housing White Paper | | 135 | | | 135 |
| | Corp & Commercial | Detailed line-by-line review of budgets Key items: <ul style="list-style-type: none"> £83k reduction in added-years pension payments £100k Reduction in insurance settlements budget in line with historic trends | 293 | 25 | 95 | 15 | 428 |
| | Corp & Commercial | Assumed future reduction in the general fund contingency level (currently £400k) | | | 25 | 25 | 50 |

| Theme | Directorate | Description | 2023/24 £000 | 2024/25* £000 | 2025/26* £000 | 2026/27* £000 | TOTAL |
|-----------------|--------------------|---|-----------------|------------------|------------------|------------------|-------|
| | Development & City | Detailed line-by-line of utilised budgets and rebasing of income budgets based on historic levels. Significant items are: <ul style="list-style-type: none"> Recycling credits income rebasing Garden waste income rebasing | 468 | 27 | 2 | 2 | 499 |
| Service Reviews | Community | Efficiencies from the implementation of the customer and digital strategy from improved processes and channel shift. | 112 | 160 | | | 272 |
| | Community | Community Services – service reviews | 85 | 284 | 45 | | 414 |
| | Community | Removal of Big Boom fireworks from the events calendar. | 33 | | | | 33 |
| | Cross-cutting | Enabling services – to assess how we can generate efficiencies through sharing of administrative functions and delivering of benefits from investment in corporate systems. | 25 | 44 | 35 | 35 | 139 |
| | Corp & Commercial | Corporate & Commercial Services – service reviews | 95 | 241 | 128 | 43 | 507 |
| | Development & City | Development & City Services – service reviews | 293 | 37 | 157 | 120 | 607 |
| Fees & Charges | Community | The Halls – increased income assumptions after market analysis | | 10 | 138 | | 148 |
| | Community | Additional income through external hire of open spaces and sponsorship opportunities | 30 | 20 | | | 50 |

| Theme | Directorate | Description | 2023/24 £000 | 2024/25* £000 | 2025/26* £000 | 2026/27* £000 | TOTAL |
|-------|--------------------|---|-----------------|------------------|------------------|------------------|-------|
| | Corp & Commercial | Income generation through operation of an assessment centre and selling learning and development places to other local authorities. | | 7 | 5 | 5 | 17 |
| | Development & City | HMO licence fee increase based on 5yr licences | 20 | | | | 20 |
| | Development & City | Expansion of charges for Parking in parks – charges for parking in parks to be extended to car parks that have suitable infrastructure and space | 10 | 10 | | | 20 |
| | Development & City | Review of Car Parking charges – charges will be reviewed to reflect the current market | | 480 | 360 | 120 | 960 |
| | Development & City | Review of markets income in line with lease terms | 61 | 38 | | | 99 |
| | Development & City | Migrate all Garden Waste customers to Direct Debit payment | 21 | | | | 21 |
| | Development & City | Align Allotment Rents to ensure that service is cost neutral | | 10 | | | 10 |
| | Development & City | Street Traders' Licences. This proposal would seek to increase the number of licences issued and review the tariff based on independent benchmarking. | | 49 | 49 | | 98 |
| | Development & City | Planning fee increase (legislatively set fees) | | 140 | | | 140 |

| Theme | Directorate | Description | 2023/24 £000 | 2024/25* £000 | 2025/26* £000 | 2026/27* £000 | TOTAL |
|-----------------------------|--------------------|--|-----------------|------------------|------------------|------------------|-------|
| | Development & City | Increase in cost recovery position of service through improvements in working practices and refocus of staff time. | | | 30 | 100 | 130 |
| | Development & City | Introduction of food safety pre-inspection audits | 10 | 20 | 24 | 26 | 80 |
| | Development & City | Introduction of additional HMO licensing scheme | | | 60 | | 60 |
| Contracts & External grants | Community | IT contract saving through reduce reliance on NDL middleware and rationalisation of licences. | | 65 | 81 | 4 | 150 |
| | Community | The council funds a commissioned countywide service - Norfolk Integrated Domestic Abuse Service (NIDAS). Revised approach reviews other contract costs. | 38 | 23 | | | 61 |
| | Community | Review of external grant levels. | 57 | 23 | | | 80 |
| | Corp & Commercial | Reduction in external costs by HR guidance on a like-for-like in house solution. | | 14 | | | 14 |
| | Development & City | Review of NCSL environment contract specification. | 198 | 198 | 396 | 419 | 1,211 |
| | Development & City | Review of waste and recycling collections – savings to be delivered through increased efficiencies of collection service and options for back-office efficiencies. | | 256 | 164 | | 420 |

| Theme | Directorate | Description | 2023/24 £000 | 2024/25* £000 | 2025/26* £000 | 2026/27* £000 | TOTAL |
|------------------|--------------------|--|-----------------|------------------|------------------|------------------|-------|
| Asset Management | Development & City | Commercial approach to generate electrical energy which can be sold back to the grid. | | 100 | | | 100 |
| | Development & City | Estimated longer term savings from move to community centre leases | | 16 | 49 | | 65 |
| | Development & City | Rental income from Old Carrow House following refurbishment as part of the Towns Fund project – income following associated capital expenditure to bring the building back into use. | 50 | 50 | | | 100 |
| | Development & City | Advertising - Roll out of advertising on vacant land in prominent locations to generate income. £50k a target estimate for year 1 but would require more research to firm up options and target. | | 50 | | | 50 |
| | Development & City | Gypsy and Traveller Site Management – resulting from a change in provider of site management | | 50 | | | 50 |
| | Development & City | Review use of corporate buildings. | | | 1,000 | | 1,000 |
| | Development & City | Upgrade of district light network to LED thereby reducing energy and repair costs. | | 70 | | | 70 |
| | Development & City | A review of commercial opportunities within environment services. | | 72 | 156 | 156 | 384 |
| Taxation | Corp & Commercial | Additional Council Tax income from introducing a premium of 100% on second homes. | | 185 | | | 185 |

| Theme | Directorate | Description | 2023/24 £000 | 2024/25* £000 | 2025/26* £000 | 2026/27* £000 | TOTAL |
|----------------------------|---------------------|---|-----------------|------------------|------------------|------------------|---------------|
| Treasury & debt management | Corporate financing | Improved income returns on council cash investments. | 1,773 | | | | 1,773 |
| | Corporate financing | Reduction in interest costs as borrowing refinanced at maturity at lower interest rates. | 1,423 | | | | 1,423 |
| | Corporate financing | Prepayment of the council's pension deficit payment - all three years paid over to the pension fund in 2023/24 realising a cash reduction in overall contributions. | 81 | | | | 81 |
| | | Estimated HRA recharge impact | | (227) | (108) | 36 | (299) |
| | | | 5,527 | 2,691 | 2,895 | 1,106 | 12,219 |

* The council has identified potential future savings of £6.692m against the cumulative target of £5.593m. These provisional options are shown the table above and will continue to be subject to validation work and potential savings values refined as part of the 2024/25 corporate business planning cycle.

Appendix 2 (G): 2023/24 list of proposed budget growth

Permanent Growth

| Directorate | Description | 2023/24 £000 |
|------------------------|---|-----------------|
| Community | Upgrade of current corporate contact system to a cloud-based version. Moving to the cloud solution allows for additional levels of resilience for service delivery and provides call handling opportunities that are not available with the current solution. | 70 |
| Community | Rebasing of budget for grants the council awards externally. | 30 |
| Corporate & Commercial | Additional costs of the external audit contract arising from the re-tender exercise completed by Public Sector Appointments Limited. This approach was approved by Full Council in January 2022. | 71 |
| Corporate & Commercial | Growth relating to a reducing level of subsidy recovery against its housing benefit expenditure, more than previously estimated in the MTFS. This is attributable to continuing growth in rent levels against fixed subsidy caps. 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 subject to punitive subsidy rules. Along with increased demand and rental market pressures, councils are therefore seeing increased subsidy loss. | 230 |
| | | 401 |

Appendix 2 (H): Earmarked Reserve Allocations 2023/24

| Invest to Save Reserve allocations | | 2023/24 |
|------------------------------------|---|-------------|
| | | £000 |
| 1 | To fund the cost of additional technical IT resources to support the delivery of the customer & digital strategy. | 416 |
| | | 416 |

| Business Change Reserve allocations | | 2023/24 |
|-------------------------------------|---|-------------|
| | | £000 |
| 2 | Transformation resource including change manager, graduate scheme members, programme manager and project accountant | 368 |
| | | 368 |

| Commercial Property Reserve allocations | | 2023/24 |
|---|---|-------------|
| | | £000 |
| 3 | Estimated use of reserve to fund any loss of income arising from void or rent-free periods. | 170 |
| | | 170 |

| Revenue Grants Unapplied | | 2023/24 |
|--------------------------|--|-------------|
| | | £000 |
| 4 | Use of unutilised grant allocations to support income recovery within revenues and benefits. | 44 |
| | | 44 |

At this stage the figures are estimates of the required funding and other projects are expected to be identified during the year as part of the service reviews and as business cases are brought forward. Updates to the use of the Invest-to-Save and Business Changes reserves will be made through the budget monitoring reports taken to Cabinet throughout 2023/24.

Appendix 2 (I): Update on consultation responses on the proposed budget for 2023/24

Appendix to follow

DRAFT