

BDC O&S Scrutiny of Budget – Questions for Cabinet

24 Oct 23 - O&S Workshop to draft questions

14 Nov 23 – O&S to finalise questions

23 Jan 24 - Cabinet Responses

- 1) What are the key inflation assumptions in the budget?
 And what will be the potential impact if these assumptions are incorrect?
 ie How will Cabinet stress test the budget?

The following table sets out the key inflation assumptions in the 24/25 budget.

Area	Assumption	Comment
Pay	4% pay rise, with everyone assumed to earn at least the new Real Living Wage of £12 an hour. Each 1% change equates to approximately £100,000.	It has been agreed to adopt the national local authority Cost of Living increase for 2024/25 onwards, so we cannot locally affect what the actual Cost of Living increase will be. Furthermore, it is likely that we will not know the result of the national pay bargaining until spring 2024 (ie after the 24/25 budget has been set).
Waste True up	The Veolia contract increase from 1 st April 24 is based on a basket of indices as at end of Sept 23 (See below).	As these indices are now known, this is not an assumption but a known cost.
General Inflation Assumptions	Depends on budget line and vary from 0-15%.	We do not automatically increase general budgets for inflation, and instead consider this on a case-by-case basis for each individual budget line.
Fees and charges	Increase by 8.9% (Sep 23 RPI figure).	It has been historical practice to increase most fees and charges by the Sept RPI figure. This reflects the fact that our costs have increased significantly and indeed in some areas by significantly more than 8.9%. Fees and charges will continue to be set to recover costs.

Veolia Basket of indices

Labour (L ₁) – Management Staff	Average Weekly Earnings Index (EARN01) as published by the Office for National Statistics (ONS)
Labour (L ₂) – Operational Staff	The higher of National Living Wage or Average Weekly Earnings Index (EARN01) as published by the Office for National Statistics (ONS)
Fuel (F)	Ultra Low Sulphur Diesel (ULSD) contained in the Weekly Road Fuel Prices published by the Department for Business, Energy & Industrial Strategy
Other (O)	CPI

Inflation assumptions are based on prudent best estimates. If costs increase more than expected then this puts pressure on in year budgets. Overestimation results in budgets being set too high.

The officer team carry out regular in year budget monitoring to ensure we track in year budget pressures / savings, and where necessary carry out in year corrective action to bring spending back on budget.

Cabinet formally reviews the budget monitoring position quarterly.

If there are in year budget pressures that cannot be contained, then the Council has sufficient General Reserves to be able to cover these pressures. The level of reserves is as set out in the MTFs and Reserves report considered by Cabinet on 10 October 23.

Regarding stress testing the budget, as part of setting the budget we consider a number of scenarios that could affect the budget in both the short and longer term. This helps assess whether the level of reserves is sufficient, and helps us financial plan for the future.

- 2) What assumptions have been made regarding ongoing income from investments?
 In particular if the plan is to use reserves to fund the capital programme this will reduce the balances available for investment, and thus our long-term ability to use investment income to help fund revenue expenditure?

The Medium-term financial projections presented to Cabinet in October 23 (see table below) assumed a modest reduction in investment income over the next few years, to reflect the fact that funding the capital programme this will reduce the balances available for investment.

	2023/24 Budget £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Investment Income	1,108	1,100	1,050	1,000	950	900

And the estimates will be updated as part of the main budget report in Feb 24, to reflect the fact that funding the capital programme this will reduce the balances available for investment.

- 3) What assumptions have been made regarding future CIL income?
 In particular if CIL receipts fall from the current level what impact will this have on our budgets?

If the impact of nutrient neutrality on development continues how would the Council address the loss of planning income and what would be the impact on the service?
(Supplementary Added at O&S meeting 14 Nov 23)

Note: BDC only keeps 5% of the CIL income as an admin fee to cover our costs for administering the income. The main sums are pooled with Greater Norwich or passed to parishes to fund community infrastructure.

The following table sets out the CIL admin budgets.

	2021/22 Actual £'000	2022/23 Budget £'000	2022/23 Actual £'000	2023/24 Budget £'000	2024/25 Budget £'000
Community Infrastructure Levy – 5% admin charge	-417	-350	-608	-425	-91

As the CIL admin income for 22/23 was significantly higher than estimated, the extra income was put into a specific reserve to use when other years do not generate so much income as there are still the same ongoing costs to administer (we do not have to spend this in the same year it is collected and it is an ongoing cost to the planning service). The specific reserve will help offset the expected reduction in 24/25.

In the medium term, we expect planning income and associated CIL income to return to pre nutrient neutrality levels as the delivery of sites will start again and CIL payments will be made again.

However, ultimately if this does not happen then we would need to factor these income reductions into our budgets and loss of CIL would negatively impact on the number of infrastructure projects that could be funded in the Broadland area.

- 4) What assumptions have been made regarding future increase in property numbers, given the impact on future Council tax receipts and the costs associated with providing services to additional properties?
And how have these assumptions been impacted by the current Nutrient Neutrality issue?

In the medium term we still expect to see property numbers increase by c1% a year.

The taxbase for 24/25 has now been set at 48,996 band D equivalent properties, which is a 1.8% increase over the 23/24 figure of 48,127. We have therefore still seen an increase in property numbers (despite the Nutrient Neutrality issue) as properties with existing planning permissions are still being built.

- 5) How is Cabinet ensuring that the 4-year Delivery Plan and the Finance Budgets are aligned?
le ensuring that the actions in the Delivery Plan are fully budgeted for.
le Have we got the order of meetings correct for budget development and decisions, both for the next year and medium-term period?

There is a 4-year Corporate Strategic Plan which is underpinned by 2 associated 2-year delivery plans.

A new 4-year Corporate Strategic Plan is produced by each new Administration. This Cabinet's new Corporate Plan will be being brought forward for adoption in February.

The Plans and the Finance Budgets are prepared to the same timescales to ensure that all actions in the plans are fully costed and aligned to funding in the budgets.

The Corporate Strategic Plan and Delivery plan are dynamic documents that will change over time as new projects are proposed, fully evaluated, and if supported built into both our Delivery Plan and our Financial budgets.

- 6) How is Cabinet trying to lobby / influence central Government regarding the financial pressures that local authorities including BDC are facing?

The Council responds to Government Consultations and provides information to both the District Council Network (DCN) and Local Government Association (LGA) to assist with the collective lobbying.

The Council's Managing Director is also actively involved in DCN activities, helping ensure our voice is heard at the highest level within Government.

The Council also writes to Government on specific matters (eg funding for the early rollout of food waste collections) when there is a specific matter than needs raising. And the Leader also personally writes and lobbies on specific issues as and when appropriate.

- 7) There is a Capital Budget for Bure Valley Railway. Does this also cover expenditure on the Marriotts Way Bridges, or should there be a separate budget line?

The capital budget also covers expenditure on the Marriotts Way Bridges. However, we will look to separate this out in the future.

- 8) How is Cabinet proposing to consult with residents on the budgets, particularly if any changes are being made that will affect the quality of services being provided?

The Council carries out an annual budget consultation with residents via its website, the results of which will be contained in the main budget report. The Council has also established a customer panel, which now has 274 members across BDC and SNC.

Due to careful financial management, the Cabinet will not be proposing cuts to the quality of service being provided.

Furthermore one of the first actions taken by this administration was to invest additional money into member ward grants and creating community action grants in order to invest more in supporting our communities.

- 9) It is noted that the draft budget for 24/25 currently has a funding gap. Is Cabinet considering new or amended fees and charges to help address the current funding gap? In particular is the Cabinet considering Car Park Charging, PreApp Planning fees, charges to visit facilities (ie the Broadland County Park)?

The Cabinet is looking at a number of options for ensuring a fully balanced budget can be presented in February.

Cabinet will be considering an overarching Charging Policy in January 24, and will also be undertaking a Car Parking review to establish principles for the ongoing management and maintenance of the service provision across the district.

A review of Pre-App charges is also on the Cabinet forward plan for consideration on the 13 February 2024 .

10) What is the current position regarding the disposal of Thorpe Lodge?
And what budgetary assumptions have been made regarding this.

Disposal of Thorpe Lodge is a challenge as it is a difficult site, and this new administration is doing everything it can to disposal of this property.

Thorpe Lodge continues to be marketed and has had a number of developers view it and express an interest. However the market in the last year has stagnated due to the rise in interest rates.

Officers, on advice from the agent, are making a pre-app submission which once received can be circulated to potential purchasers, as this will help reduce the level of risk for a developer in considering bidding for the site. After which there is the option to set a date and request informally closed bids. This would allow the Council to test the market without any commitment to sell the property to a bidder.

An initial application under the County Deals brownfield funding scheme has been submitted and Officers have also spoken to Homes England separately around any potential grant funding. The pre-app planning advice will also feed into any funding application.

Officers have also explored with housing associations whether they would be interested in an affordable housing scheme on the site but, due to the listed building, they do not wish to pursue this.

The 2024/25 budgets assume that Thorpe Lodge is sold, and any holding costs during 2024/25 will need to be funded from reserves. Due to the listed element of the building, the Council will be exempt from paying business rates while it is empty.

11) Does the Budget make any provision for meeting future environmental challenges?

The Council employs a Clean Growth & Sustainability Manager and an Environmental Strategy Co-ordinator to help drive the actions in our Environmental Strategy Delivery Plan and meet our target of Net Zero by 2030.

Significant progress has been made to date on reducing District Council emissions supported by the transition to HVO fuels for our refuse fleet, reducing emissions by an estimated 90%. The move to the Horizon centre is anticipated to reduce carbon emissions related to office accommodation even further once heat pumps have been installed in the coming year to replace the gas boilers.

This work will continue at pace. All significant interventions will be subject to standalone business cases, as is the usual practice.

12) What budget assumption have been made around and what is the Council's aspiration for Social Prescribing post March 24, particularly in urban fringes of the district?

The social prescribing service (community connectors) is fully funded by the NHS. The NHS boundaries do not tie up to our district boundaries, which makes delivery more challenging.

We believe this is a valuable service to our community and will look to continue to provide and enhance this service. However it is reliant on the NHS continuing to provide funding.

At this time, the urban areas of Broadland are covered by the One Norwich contract which is delivered by a consortium of voluntary sector partners. This is something we are investigating to see whether we can influence the future social prescribing contract to ensure a consistent approach across Broadland.

13) Not used

14) How effective has our investment in temporary accommodation been / projected to be, in terms of both outcomes and cost reduction?

The purchase of Harvard Court has provided 35 more units of accommodation to help ensure that we provide families with appropriate temporary accommodation.

Each household placed in Harvard Court saves the Council compared to placing these households in B&B. The average B&B cost is £385 a week gross (£279 net of housing benefit contribution).

Cabinet on 5 September 23 also approved the purchase of 3 additional temporary accommodation properties, part funded by the Government's Local Authority Housing Fund grant.

One of these properties has already been purchased, and is currently in the process of being refurbished ready for the first family to move in. The other 2 will be purchased and ready for occupation by the end of March 24.

The purchase of temporary accommodation properties has allowed us to reduce our B&B budget by £200,000 in 2024/25.

	Actual 2122 £'000	Actual 2223 £'000	Budget 2324 £'000	Budget 2425 £'000
B&B Accommodation	152	336	399	199

15) How much income do we generate from Carrowbreck and what are the options for it, for the future?

The draft 2024/25 Carrowbreck budgets are as follows.

	£
Electricity	14,000
Water Sewerage	1,500
Waste Disposal	1,200
Rates	19,960
Telephones	1,500
Building Maintenance	10,000
Grounds Maintenance	2,300
Contract Cleaning	14,000
Fees & Charges	-27,000
Rental Income	-15,100
Training	-7,800
	14,560

Carrowbreck Training Centre is subject to a restrictive covenant to only use the premises for educational and training purposes, with office use ancillary to the main use. This is for a term of 30 years from 2013.

There are a variety of courses for business and personal development on offer, helping to start, support and grow local enterprise. This training provision is complementary to the Broadland Business Builder programme.

Options for Carrowbreck continue to be explored being mindful of meeting the strategic objectives set out in the Economic Growth Strategic Plan, particularly Priority 3: Skills and Lifelong learning. With a commitment to addressing the skills shortage, creating high calibre employment, and tackling long term unemployment while maintaining equality of opportunity and inclusive growth.

16) How much income are we projecting to generate from the Broadland Food Innovation Centre (BFIC)? And should we be looking at a further similar investment?

The BFIC represents an £11.4m project funded by:

- £1.4m from Broadland District Council
- £4.1m from the NALEP's Getting Building Funds and Growing Places Fund
- £5.7m from the European Regional Development Fund
- £135k of funding in kind from other sources.

Under the terms of the funding agreements any surplus generated from the BFIC needs to be reinvested for economic development activities. As such the BFIC is intended to breakeven in budgetary terms.

We have budgeted for rental income of £377,000 in 2024/25 and as of the 20th December 23 we have occupation of, of heads of terms agreed for, all the units at the Broadland Food Innovation Centre.

Regarding future similar investments, Cabinet would be open to similar projects, but the current funding landscape means that grant funding is now more challenging to obtain.

17) What budgetary provision is there to help improve the mental wellbeing of our young people?
And is there more the council do?

There is no specific allocated budget for improving the mental health of young people.

However, the help hub is geared around offering support to all ages and young people can access support to improve their mental wellbeing, for example improving accommodation, dealing with debt or relationships (direct support or via parents). This could include through our household support fund for example.

Our Tots2 teen programme also offers support to young people directly and the recent investment through the Holiday Activity and Food programme sponsored by central Government ensures that no young person goes without food.

In future, we have started a mental health programme for children and young people through the health and wellbeing partnership. Future support should be coordinated through a partnership approach and once this programme has identified workstreams we will have a better understanding of how the Council can support this agenda.

18) What budgetary provision is there to improve leisure provision in some of our bigger developments such as Rackheath or Taverham?
And is there more the council do?

Cabinet is conscious of the lack of directly provided leisure provision in the district, due to lack of previous investment in leisure facilities.

This Cabinet will actively look to use the levers at its disposal to support leisure to the fullest extent possible.

Developer Contributions

The provision of leisure and recreation facilities as part of any largescale growth proposals in Broadland are often negotiated as part of the respective planning application(s) and they are therefore mainly funded by developer contributions.

For instance there are plans for new and significant community leisure provision in Rackheath, but it is still early days and unlikely to be delivered for a number of years.

However, we are working with the main developer to see what infrastructure they might be able to provide / help fund, as part of the masterplan for Rackheath.

We know what is needed in terms of leisure provision in the area and so we are trying to deliver as much as possible, as there will be high demand.

In terms of Taverham, again there are initial plans for significant community leisure provision.

Greater Norwich Growth Board (GNGB) Funding

Broadland, as a partner of the Greater Norwich Growth Board (GNGB), has allocated £650,000 match funding to The Nest on the edge of Hellesdon and Horsford for further expansion of the sports and leisure facilities which will serve the wider growth area.

The 22-acre site currently has a range of facilities including grass football pitches, a floodlit 3G pitch and a club house. This £8.1m expansion project will include the construction of a new hub, which forms phase 3 of the facility's development plans. The hub will include an 8-court sports hall, clip &

climb climbing wall, a health, wellbeing and fitness room, multi-use room, classrooms, e-sports suite, café, accessible changing rooms, 4 individual changing rooms and toilets.

The expansion will increase the indoor space available, allowing the community to access vital sports and providing the specialist equipment which will allow people with disabilities participate (which are not currently available elsewhere in Norfolk).

Looking forward improved community leisure/ health provision in our bigger developments could form the basis of a strong application to the GNGB/ IIF, but it would depend a bit on timescales etc and how these fit with the GNGB application process.

Broadland County Park

The Council purchased the Broadland Country park, and further spending has been committed to seek to enhance the recreational experience of this asset.

Town and Parish Council Funding

Many Town and Parish Council have significant s106 and CIL funds, which could be utilised to improve leisure provision.

Grant Funding

At present, there are not any suitable Sport England funding pots available. Sport England are now using a new, targeted approach for their funding, which is largely based on areas of deprivation and trying to tackle inequalities.

There may however be opportunities to bid for funding contributions from the F.A / Football Foundation. This could include Rackheath, as there is a 3G pitch planned to be delivered there.

19) What budgetary provision is there to educate our residents on their recycling behaviours, for example on soft plastics?

And is there more the council do?

The OneTeam staffing has provision for a Senior Recycling Manager and 2.6 Recycling and Partnership Officers. However, the Recycling Manager post is currently vacant and is proving difficult to recruit to.

This team helps drive increased recycling rates through a wide range of behavioural change initiatives aimed at both improving recycling and reducing contamination. This involves producing information and publicity materials, using social media/website, push messaging via the ReCollect App, attending external events, giving talks to Schools, Community Groups and Parish councils etc.

There is always more that can be done to help educate our residents on their recycling behaviours and the team are always alert to developing new and innovative ways of improving performance.

20) Is there an opportunity to look at a more localised food waste and disposal infrastructure?

The Council currently has a food waste processing contract with BioGen, who have a bio-digestion processing plant in Royston Hertfordshire, this contract is due for renewal from September 2024. The Council is about to commence on an open market countywide procurement exercise for a replacement contract.

The processing of food waste relies on there being sufficient volumes to process and available markets for the resulting by-products. The recent Government requirement that all authorities will be required to provide a weekly food waste collection service from March 2026 will stimulate demand for additional processing facilities. The new processing facility at Attleborough provides a potential local solution.

The existing NEWS MRF partnership demonstrates our willingness to seek local solutions where appropriate.

21) How will the council fund the enhanced food waste service into the future, currently paid for from reserves?

DEFRA have recently stated that from March 2026 they will fund all ongoing service costs for providing a food waste collection service to all authorities, even those currently providing the service through New Burdens Funding, but there are limited details available as yet.

22) How does the Council propose to set a balanced budget, whilst not drawing on reserves or withdrawing significant services and not increasing Council Tax?
(Added at O&S meeting 14 Nov 23)

On 18 December 2023, central Government issued its Provisional Finance Settlement. Although the headline figure was a 6.5% increase in core spending power, this is an average for all councils and assumes all Councils put up Council tax by the maximum permitted amount (without a referendum).

For districts the settlement was significantly less. The District Council's Network (DCN) has estimated that the combined impact of the 3% funding guarantee and the maximum council tax increase (if applied) will at most produce a 4.9% increase in district council spending power.

For BDC the increase in grant funding equates to just £349,703 (3%).

When you compare this to the basic expenditure pressure that we are having to build into our 24/25 budgets, which are currently estimated at 8.2%, this means a significant real terms cut to our spending power.

However Cabinet is working hard to ensure that our services are delivered as efficiently as possible, to ensure that Cabinet is in a position to propose an appropriate balanced budget.

The final budget proposals will be discussed and agreed by Cabinet in February 24.