



inclusion, the award of any new business rates reliefs announced by government using discretionary relief powers. The full cost of granting this relief will be compensated through a section 31 grant from Government.

- vii. Delegation to the chief financial officer in consultation with the portfolio holder for resources inclusion of any minor changes consequent on the publication of the final local government settlement or subsequent additional grant allocations.

### **Housing Revenue Account**

- viii. The proposed Housing Revenue Account gross expenditure budget of £70.364m and gross income budgets of £70.610m for 2022/23 (Section 3, paragraph 3.24).
- ix. The use of the estimated surplus of £0.246m along with a further £6.096m of HRA general reserves to make a revenue budget contribution of £6.342m towards funding the 2022/23 HRA capital programme (Section 3, paragraph 3.24).
- x. A 4.1% increase in dwelling rents for 2022/23, in accordance with the Secretary of State issued Direction on the Rent Standard 2019. This enables authorities to increase rent annually by up to CPI (Consumer Price Index) as at the preceding September plus 1%. This will result in an average weekly rent increase of £3.30 for Norwich tenants (Section 3, paragraphs 3.30 to 3.35).
- xi. That garage rents increase by 3.1%, based on CPI in September 2021 (Section 3, paragraph 3.36).
- xii. That the setting of tenants' service charges is delegated to the executive director of community services in consultation with the portfolio holder for Social Housing after engagement with tenant representatives (Section 3, paragraph 3.37)
- xiii. The prudent minimum level of Housing Revenue Account reserves as £5.848m (Section 3, paragraph 3.56 and Table 3.4).
- xiv. The creation of an earmarked reserve to fund the costs associated with HRA service transformation linked to a programme of review and improvement detailed in Section 3, paragraphs 3.3 to 3.18. This reserve will be used to fund costs linked to the programme which are not delivering specific savings, for example project management and benchmarking with the release of funds being approved in accordance with paragraph 26 of the Council's Financial Regulations.

### **Capital and Commercial Strategy**

- xv. The proposed general fund capital programme 2022/23 to 2026/27 (2022/23: £29.347m; 5 years: £45.766m) and its method of funding as set out in Section 4, table 4.2, table 4.4 and Appendix 4 (B).
- xvi. Delegating to Cabinet, approval to include in the capital programme additional capital schemes funded wholly by grant where it meets the Council's aims (Cover report, paragraph 27).
- xvii. The proposed HRA capital programme 2022/23 to 2026/27 (2022/23: £38.860m; 5 years: £171.579m) and its method of funding as set out in Section 4, table 4.2, table 4.5 and Appendix 4 (B).

xviii. The capital strategy, as required by CIPFA's Prudential Code.

### **Treasury Management Strategy**

xix. The borrowing strategy 2022/23 through to 2026/27 (Section 5, paragraphs 5.27 to 5.29).

xx. The capital and treasury prudential indicators and limits for 2022/23 through to 2026/27 contained within Section 5, paragraphs 5.18 to 5.25 and table 5.3, including the Authorised Borrowing Limit for the council.

xxi. The Minimum Revenue Provision (MRP) policy statement described in paragraphs 5.37 to 5.41 and contained in Appendix 5 (Section 5)

xxii. The (financial) Investment Strategy 2022/23 including changes to counterparty limits (Section 5, paragraphs 5.42 to 5.88).

### **Summary of key financial indicators**

xxiii. The indicators for 2022/23 through to 2025/26 contained in section 6.

**B.** To approve the Cabinet's recommendations arising from the Budget Scrutiny meeting on 3<sup>rd</sup> February:

xxiv. Ensure there is continued political commitment to investing in renewable or green energy projects.

xxv. Where financially and legally viable, in conjunction with a fabric first approach, where the property type allows for upgrade of the thermal performance of the fabric, fit the lowest carbon emitting heating systems in council properties. Where fabric upgrade isn't possible and low carbon heat sources aren't feasible (or will make operation unaffordable for residents), then gas boilers will be fitted, but pipework and radiators (or other emitters) will be upgraded to allow for future transition to low carbon alternatives.

xxvi. Any recommendations considered by the scrutiny fly tipping task and finish group will give consideration to costs and funding options available. If funding cannot be identified within existing budgets, officers will facilitate the appropriate decision pathway to identifying alternative funding sources and approvals required.

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

### **Policy Framework**

Subject to approval as part of another report on this agenda, the Council has five corporate aims, which are:

- Aim 1 - People live independently and well in a diverse and safe city.
- Aim 2 – Norwich is a sustainable and healthy city.

- Aim 3 – Norwich has the infrastructure and housing it needs to be a successful city.
- Aim 4 – The city has an inclusive economy in which residents have equal opportunity to flourish.
- Aim 5 – Norwich City Council is in good shape to serve the city.

This report is relevant for all five corporate aims.

This report helps to meet the securing the council's finances objective of the COVID-19 Recovery Plan and provides the resources required to deliver the wider aims and objectives of the Plan.

## Report Details

1. At its meeting of 9 February 2022 Cabinet recommended the budget report (shown in Annex A) to Council for approval. Cabinet also agreed to recommend three additional recommendations arising from the Budget Scrutiny Committee session on 3<sup>rd</sup> February 2022.
2. The statutory determination at Annex B reflects the final Council Tax base as confirmed by the chief finance officer under delegated powers. It also reflects the following proposed increases in Council tax:

<b>Preceptor</b>	<b>% increase</b>
Norwich City Council	1.99
Norfolk County Council	2.99
Office of the Police and Crime Commissioner for Norfolk	3.59

3. The precept for the Office of the Police and Crime Commissioner was confirmed at the meeting of the Norfolk Police and Crime Panel on 1st February 2022.
4. The precept for the County Council is to be considered at its meeting on 21st February 2022. Any changes to the proposed precept will be reported to Council in an updated report. The proposal is an increase in general council tax of 1.99% and 1.00% for the Adult Social Care precept in 2022/23.

## **Consultation**

In line with the approach used in previous years, citizens, partners, and local businesses have been consulted on the proposed approach to meeting the savings target for 2022/23 and the proposed council tax level. The council carried out an online budget consultation survey which closed on 19 January 2022.

Section 2, Appendix 2 (I) provides further detail on the results of the online budget consultation responses.

Tenant Involvement Panel representatives have been consulted over the proposed HRA rent increase. The impact was discussed with concerns raised regarding the effect of an increase on those struggling financially in the current climate, particularly considering the continued Covid-19 pandemic. However, the panel recognised that increases are inevitable if the level of investment in existing and new homes is to be maintained and endorsed the proposed rent increase in line with the Rent Standard 2019.

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.

## **Implications**

### **Financial and Resources**

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 2022-26 and Budget.

This report presents the council's proposed 2022/23 budgets across all its activities along with its medium-term financial strategy. The financial implications of these proposals are given throughout the report.

### **Legal**

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.

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**

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

<b>Consideration</b>	<b>Details of any implications and proposed measures to address:</b>
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 within the cover report.
Health, Social and Economic Impact	Budget savings and investment proposals including capital investments are likely to have economic impacts on the area.
Crime and Disorder	No specific crime and disorder impacts are considered to arise from the Council's budget setting processes.
Children and Adults Safeguarding	No specific safeguarding issues are considered to arise from the Council's budget setting processes.
Environmental Impact	The proposed capital investment strategy will provide for improvements to the council's assets and the surrounding environment. It includes provision for the retrofitting of loft and cavity insulation and the provision of solar panels for 200 properties across both social and privately owned dwellings.

## **Risk Management**

The budget paper clearly outlines several financial risks to the council, some of which have increased considering changes to the wider economic environment. These are further outlined in Section 7 of the report.

Several measures have been put in place to mitigate the increased risk, including:

- a) Maintaining earmarked reserves, established to help mitigate risk, including:
  - The budget risk reserve to manage the financial risks associated with both the continuing impacts of the pandemic and the delivery of the 2022/23 budget savings.
  - The business change reserve to fund costs linked to the council's transformational change programme.
  - The commercial property reserve to manage the risks and costs associated with holding commercial property.
  - The Norwich Regeneration Limited reserve to mitigate financial risks from lending to the council's wholly owned company.
- b) The maintenance of a Prudent Minimum Level of General Fund reserve.
- c) The requirement to produce robust business cases for large capital projects (many of which will generate returns or savings) before a project commences. The process is further detailed in paragraph 4.63.

## **Reasons for the decision/recommendation**

The Council has a legal duty to set a balanced budget before the statutory deadline.

**Background papers: None**

### **Appendices:**

Annex A: The council's 2022/23 budget and medium-term financial strategy

- Section 1: Local Government Finance – Economic and Statutory Context
- Section 2: General Fund – MTFS and 2022/23 Budget
- Section 3: HRA Business Plan and 2022/23 Budget
- Section 4: Capital and Commercial Strategy including Capital Programme
- Section 5: Treasury Management Strategy 2022/23
- Section 6: Summary of Key Financial Indicators
- Section 7: Chief Finance Officer's Statement
- Section 8: Glossary

Annex B: Statutory Council Tax Resolution

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